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**PUBLIC LAW 480 EXTENSION**

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**HEARINGS**

BEFORE THE

**COMMITTEE ON**

**AGRICULTURE AND FORESTRY**

**UNITED STATES SENATE**

**EIGHTY-FIFTH CONGRESS**

**SECOND SESSION**

ON

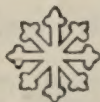
**S. 3039 and S. 3223**

**BILLS TO AMEND THE AGRICULTURAL TRADE DEVELOPMENT**

**AND ASSISTANCE ACT OF 1954, AS AMENDED**

**FEBRUARY 5 AND 11, 1958**

Printed for the use of the Committee on Agriculture and Forestry



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## PUBLIC LAW 480 EXTENSION

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WEDNESDAY, FEBRUARY 5, 1958

UNITED STATES SENATE,  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
Washington, D. C.

The committee met, pursuant to call, at 10:15 a. m., in room 324, Senate Office Building, Senator Allen J. Ellender, chairman, presiding.

Present: Senators Ellender (chairman), Johnston, Holland, Eastland, Humphrey, Symington, Talmadge, Aiken, Young, Thyne, Mundt, Williams and Schoeppel.

The CHAIRMAN. The committee will please come to order.

I wish to state for the record that, although we are starting hearings this morning on Public Law 480, that the hearings will not be closed today. There are others who may desire to be heard, and opportunity will, of course, be afforded them. Off the record.

(Discussion off the record.)

The CHAIRMAN. All right, we shall now proceed with the hearings on an extension of Public Law 480.

At this point in the record, I desire to place S. 3039, S. 3223, a statement by Read P. Dunn, Jr., director of foreign trade, National Cotton Council of America; and also a letter addressed to me as chairman of this committee, signed by Herschel D. Newsom, president of the National Grange.

(The bills, statement, and letter referred to are as follows:)

[S. 3039, 85th Cong., 2d sess.]

A BILL Amending the Agricultural Trade and Assistance Act of 1954, as amended

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended as follows:

(a) Sections 109 and 204 of such Act are amended by striking out "1958" and substituting in lieu thereof "1959".

(b) Section 103 (b) of such Act is amended by striking out "\$4,000,000,000" and inserting in lieu thereof "\$5,500,000,000".

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[S. 3223, 85th Cong., 2d sess.]

A BILL To amend the Agricultural Trade Development and Assistance Act of 1954, as amended

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That section 103 (b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress) is amended to read as follows:

"(b) Transactions shall not be carried out under this title during the period ending June 30, 1958, which, together with transactions heretofore carried out, will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$4,500,000,000.



Transaction shall not be carried out under this title during the period beginning on July 1, 1958, and ending on June 30, 1960, with respect to commodities having a total market value in excess of \$3,000,000,000."

SEC. 2. (a) Section 104 of such Act is amended by inserting before the period at the end of the first sentence of paragraph (h) thereof the following: "and for the financing of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446)".

(b) Paragraph (j) of such section is amended to read as follows:

"(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1448);".

(c) Such section is further amended by adding after paragraph (j) the following new paragraphs:

"(k) For providing assistance, by grant or otherwise, in the establishment or expansion in foreign countries of schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education;

"(l) For providing assistance, by grant or otherwise, in the establishment or expansion, and in the operation, of vocational education facilities in foreign countries;

"(m) For the financing of reconstruction, rehabilitation, health, self-help, and other technical assistance-type projects by American voluntary nonprofit agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid;

"(n) For financing research projects in foreign countries to find new uses for United States agricultural commodities whereby consumption and use of these commodities can be expanded."

SEC. 3. Section 109 of such Act is amended by striking out "June 30, 1958" and inserting in lieu thereof "June 30, 1960".

SEC. 4. (a) Section 201 of such Act is amended by inserting after the words "out of its stocks" the words "or from private stocks".

(b) Section 202 of such Act is amended by inserting after the words "Commodity Credit Corporation stocks" the words "or from private stocks".

SEC. 5. The first sentence of section 203 of such Act is amended to read as follows: "Not more than \$800,000,000 (including the Corporation's investment in the commodities) shall be expended with respect to transfers made and other costs incurred under this title prior to July 1, 1958, and not more than \$500,000,000 (including the Corporation's investment in the commodities) shall be expended with respect to transfers made or costs incurred during the period beginning on July 1, 1958, and ending on June 30, 1960."

SEC. 6. Section 204 of such Act is amended by striking out "June 30, 1958" and inserting in lieu thereof "June 30, 1960".

SEC. 7. Section 303 of such Act is amended to read as follows:

"SEC. 303. In addition to other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation, the Secretary is directed to protect the funds and assets of the Commodity Credit Corporation by barter or exchange of such agricultural commodities for (a) materials entailing less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs or (c) materials or equipment required in substantial quantities for offshore construction programs, he is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private trade channels, such barter or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges: *Provided*, That the total volume of the transactions directed by this section shall not exceed \$500,000,000 annually, unless approved by the Congress. The authorities contained in this section shall, in addition to other types of transactions, permit the domestic processing of raw materials of foreign origin or of domestic origin where the domestic processor will agree to import an equivalent amount of similar foreign material. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. Materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Cor-



poration and other agencies of the Government, in purchasing such materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials."

SEC. 8. (a) Section 206 (a) of the Agricultural Act of 1956 is amended by striking out the words "Strategic and other materials" and inserting in lieu thereof "Materials".

(b) Section 206 (b) of such Act is amended by striking out the words "Strategic materials" and inserting in lieu thereof the word "Materials".

SEC. 9. Section 416 of the Agricultural Act of 1949, as amended, is amended by striking out the words "in the case of food commodities" in clause (3) of the first sentence; by striking out the word "food" in clause (4) of such sentence; by striking out the word "food" in the second sentence and inserting in lieu thereof the words "agricultural commodities"; and by striking out the word "food" in the next to the last sentence.

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WASHINGTON, D. C., February 4, 1958.

Re National Grange support for extension of Public Law 480.

HON. ALLEN J. ELLENDER,

*Chairman, Senate Agriculture and Forestry Committee,  
Senate Office Building, Washington, D. C.*

DEAR MR. CHAIRMAN: The National Grange supports in principle pending legislation before your committee to extend Public Law 480, known as the Agricultural Trade Development and Assistance Act of 1954.

This support is based upon action taken by our delegate body assembled in annual session at Colorado Springs, Colo., in November 1957. The language of the resolution adopted by this delegate body is as follows:

Whereas Public Law 480 has proved to be an effective instrument in enabling United States surplus agricultural commodities to be marketed in foreign countries which otherwise could not purchase such commodities because of the lack of dollar exchange, and

Whereas Public Law 480 offers tremendous opportunities for developing new and expanded markets and for the carrying out of market development activities: Therefore be it

*Resolved*, That the National Grange support an increase in, and extension of, Public Law 480 and recommends that a greater use be made of the local currencies for market development work.

The National Grange executive committee meeting on January 17, 1958, further spelled out the details of National Grange policy in this field with these words: "The committee instructed the staff to support extension of Public Law 480, preferably for a 2-year period, with a provision for authority to use the funds for a reasonable period beyond the period for which the actual authority for sales is granted."

The National Grange therefore urges your committee and the Congress to approve authority for a 2-year extension of Public Law 480 instead of a 1-year extension at a level of \$1.5 billion for each of the 2 years. There is no question in our mind but what the act will serve a highly useful and currently vital function for at least 2 more years. By granting now a 2-year extension of authority for the act, the administration of the act can be planned and implemented on a more efficient and effective basis than would be true under a 1-year extension.

We feel also that your committee and the Congress will want to again consider seriously emphasizing the "market development" features of the program in such a way as to dispell any doubt on the part of the administrators of the act of the intent of Congress.

The Grange furthermore strongly concurs in the position of the Congress as heretofore expressed through the reports of both the Senate and the House Committees on Agriculture relating to Public Law 480 and in the report of the conferees dealing with the bill, concerning the sale for foreign currencies of plentiful farm commodities or products not under price support or in the hands of the Commodity Credit Corporation.

For instance in the report of the Committee on Agriculture of the House last year, it was stated "to effectively stimulate and facilitate foreign trade in



these commodities and products, and to further the policy of Congress as declared by section 2 of the act, necessitates full recognition by the Secretary of Agriculture and other administrative officials of the intent of Congress to make any surplus agricultural commodity as defined in the act eligible for sale under the authority of the act, whether or not the Commodity Credit Corporation owns or has acquired stocks of such commodities under price support programs."

The committee further admonished the Secretary that "substantial market potential exists in many countries of the world for our surplus agricultural commodities which are not under price support or which are not acquired by the Commodity Credit Corporation, and every effort should be made by the Secretary to utilize the authority of this act to assist in the development of markets for any surplus agricultural commodity and its products and to authorize the sale thereof whenever a market potential exists or appears to exist."

The report of the Senate Committee on Agriculture and Forestry in extending Public Law 480 last year reiterated its previous position on this matter through a colloquy between the then Assistant Secretary of Agriculture, Earl Butz, and Senator Holland to the effect that the fruit industry representing a nonsupported and non-CCC commodity, or any other similar agricultural industry should not be penalized simply because it does not ask for price supports and has not permitted its products to get into Government hands or be supported by loans.

The conferee committee, dealing with the extension of Public Law 480 last year declared it to be the intent of Congress "that all surplus agricultural commodities, regardless of the kind, will be made available for sale under the act without the imposition of conditions which would prevent or tend to interfere with their sale. Rather than in any way seeking to discourage or impede sales of surplus commodities, their sales should be emphasized, if it appears that by such sales under this act a future market for dollars in the regular course of international trade may be established for such commodities."

Respectfully yours,

HERSCHEL D. NEWSOM,  
Master, National Grange.

STATEMENT FILED BY READ P. DUNN, DIRECTOR FOREIGN TRADE DIVISION, NATIONAL COTTON COUNCIL OF AMERICA

My name is Read P. Dunn, Jr., I am director of the foreign trade division of the National Cotton Council. As you know, the National Cotton Council represents the six primary cotton interest groups—the producers, merchants, ginner, warehousement, cottonseed crushers, and spinner. The National Cotton Council has supported the Agricultural Trade Development and Assistance Act, generally known as Public Law 480, since its inception. Some 2.7 million bales of cotton have been authorized for export under the program from its inception until the 1st of January. Several hundred thousand bales additional are expected to be authorized under current funds. The benefit to cotton is obvious.

The National Cotton Council recommends that Public Law 480 be continued on a temporary basis as an assistance in disposing of the current surplus and in aiding those foreign countries which have insufficient dollar exchange to finance their cotton requirements.

The proportion of the total available funds which will be used for cotton this fiscal year, according to current reports, will be considerably below the proportion devoted to cotton in previous years and considerably below the requirements of our regular customers which find themselves temporarily in balance-of-payments difficulties. The council vigorously opposes any discrimination against cotton and cottonseed products in the use of Public Law 480 for financing exports and urges that American-grown extra long staple cotton be included for export financing under the Public Law 480 program.

Now, Mr. Chairman, I would like to take this opportunity to tell the committee about some of the market development operations under Public Law 480 in which we have been engaged in an effort to expand the market outlet for American cotton.

The National Cotton Council was organized for the purpose of expanding cotton consumption in the United States. The gains that have resulted from research and promotion in the face of an uncompetitive price have been large. The gains in the apparel and household field alone that have resulted from research, development, and promotion have totaled more than a million bales annually.



Cotton Council International was formed last year as a brother organization to the National Cotton Council to promote increased consumption of cotton abroad. The National Cotton Council makes its staff of specialists available to Cotton Council International.

The need for world promotion of cotton was realized by industry and government long before Cotton Council International was organized. Sporadic attempts at promotion overseas were made by individual groups in various countries.

A few manufacturers advertised brand names, but in most cases the ads did not mention cotton. Retail advertising as we know it was practically nonexistent in the rest of the world, and retail promotion of cotton products unheard of.

The National Cotton Council, working on an informal basis, had been able to interest one or two industry groups in undertaking a few experimental promotion projects.

Real impetus came to these cotton promotion programs after the market development phase of Public Law 480 program was inaugurated. The offer of direct technical assistance by the council and cooperative funds by USDA under the Public Law 480 program provided the incentive for a concentrated program.

The annual budget currently for the various promotion programs abroad is about \$3 million. Almost two-thirds of this amount is being raised privately through contributions of member industry groups. One-third is being contributed through the Foreign Agricultural Service from funds made available by Public Law 480. These programs involve about 117 distinct campaigns operated by about 100 promotion, public relations, or market research specialists—many of them trained by Cotton Council International.

The nine countries with which we have cooperative agreements are France, Belgium, Holland, Germany, Austria, Switzerland, Spain, Italy, and Japan. We have been working informally with the British where a sizable program is under way and an agreement is expected to be signed with England within the next few weeks.

Canada, Portugal, Finland, Sweden, and Australia have indicated strong interest in developing programs and discussions are currently in progress.

In addition, we are cooperating informally with several other exporting countries. Mexico and Colombia already have domestic promotion programs and are interested in more technical assistance. Egypt and Sudan, two exporting countries with foreign promotion programs, are also interested in closer cooperation, as are Greece, Syria, Pakistan, and India. We do not anticipate any financial contribution to other producing countries, only technical assistance and some market research.

Basically, the program is designed to accomplish its objective through two methods: First, by stimulating a desire on the part of individual consumers to be better dressed and have more attractive homes; second, to improve the fabrication and distribution of cotton clothing and household textiles to make better quality products available at more reasonable prices. Of course, the program seeks to convince consumers that these objectives can best be achieved with cotton products.

Attached is an outline of programs for cotton market development in the various countries pursuant to the cooperative agreement between the United States Department of Agriculture and Cotton Council International under the market development section (104 (a)) of the Agricultural Trade Development and Assistance Act.

Of course, these are long-range programs. They must be continued for several years before we can claim any lasting benefits. We may, however, be able to get a little indication of possibilities by looking at returns from the three countries where the programs have been in operation the longest—France, Germany, and Japan.

In the 1956-57 season in Japan, domestic consumption of cotton products averaged 7.4 pounds per person, 20 percent more than the preceding year. The Japanese give the cotton promotion program a big share of the credit for this outstanding gain in their home market. Cotton's increase was, in fact, greater than the increase in national income, textile sales in general, and overall consumption in Japan for the same period.

Looking at it in terms of bales, the estimates for 1956-57 show an increase in consumption of 155,000 bales in France and 106,000 bales in Germany, the other two senior programs. Each of the newer cooperators reflects a gain over

the previous year, but not of that size. There are many factors involved, but certainly promotion contributed to these increases. We have always regarded 5 or 5½ million bales as our traditional export market. If these programs live up to their early promise I will not be surprised if we soon come to consider 7 or 8 million bales as our traditional level of exports.

We think that such expansion may really be on the conservative side when measured in the light of mushrooming world populations and standards of living.

You have heard us talk of increasing world per capita consumption of cotton by 2 pounds per person, little more than that required for 1 or 2 simple basic garments. Surely that can be done in Japan, where consumption has gone up over a pound in little more than a year. Surely it can be done in Western Europe where recent years have added at least a pound. But in these teeming underdeveloped countries, where the average man now uses a trifling 2 to 4 pounds of cotton, at what is usually a subsistence economy, we may some day see rates of growth beyond our brightest imaginings.

One of our staff members and a member of the USDA staff have just returned from a 3-month study in Asia and the Far East of some of the market development possibilities in those areas. We see what appear to be tremendous opportunities, and almost unbelievable obstacles and problems. We are going to concentrate on research to develop some workable plan which will let us take all possible advantage of the potential of these sleeping markets. It is years away, but we believe that the future mass markets of the world most probably lie in lands we now call underdeveloped.

Even with known conditions, however, we believe it is reasonable to expect the future to make possible new consumption outside this country of 10 million or more bales per year. Our simple 2-pound increase would give us that much.

What we do know is that we are seeing a tremendous worldwide revival of interest, enthusiasm, and spirit among all concerned with the growing, processing, and distribution of cotton. This new spirit for cotton must not be allowed to fade. The economic interest of our own industry—and of every other producing or consuming nation—demand that the programs which we have developed continue and enlarge.

Our goal is effective, organized, international promotion for cotton. We do not, in my judgment, have any sensible choice but to proceed toward it at the best speed we can manage.

In time we hope these foreign promotion programs can be financed entirely with private funds and we are now making plans toward this end. However, it will take several years before private financing can be expected to take over this job entirely. During the interim funds from section 104 (a) of Public Law 480 will be vital in continuing and enlarging these programs to increase the consumption of cotton and cotton products around the world.

#### OUTLINE OF PROGRAMS

##### AUSTRIA

**Fashion:** Vienna Fashion Week; designer contact, trade and consumer advertising (6½ pages in 2 magazines), publicity photo service.

**Press:** Press sheet to 357 outlets, press conferences (1 resulted in 145 stories and/or photos in press).

**Retailer:** Booklets (translations of Why Cotton, Count on Cotton); dealer aids, trade press ads.

**Public relations:** Industry bulletin.

**Special campaigns** involving sales planners, dealer aids and trade ads for sportswear, household products and gifts.

**Market research:** Quantitative survey; retailer opinion survey.

**Venice International Fashion Show.**

##### BELGIUM

**Press:** Press sheet to 170 outlets; special press events resulting in 512 stories and/or photos from January to September.

**Cotton week:** 10,000 stores cooperated.

**Fashion:** Touring cotton fashion show (83 events).

**Educational:** Sample boxes, booklets (100,000).

**Public relations:** Industry bulletin, May Queen (12 television shows), cotton ballet on television.

**Cotton festivals:** 21 shows, contests (resulted in 31 press articles).

**Maid of Cotton:** Tour events covered in 173 papers.



## FRANCE

**Fashion:** Designer liaison; advertising (20 pages in 3 fashion magazines); bulletin to 300 outlets (placed 1,100 photos).

**Retailer:** Advertising in trade press (31 pages for women's wear, 17 for men's wear, 10 for children's, 16 for household; total of 74 pages).

**Press:** Press sheet to 300 outlets for regional press; news bulletin which placed 1,380 photos (total results in press coverage: 2,480 pages including 75 in trade magazines, 200 in fashion magazines, 10,758 lines in newspapers, and 10,000 lines in 15 papers covering Maid of Cotton).

**Sales training:** Booklets (Why Cotton translation).

**Educational:** Motion picture (160 prints shown all over France), sample boxes, mill visits.

**Public relations:** Industry bulletin.

**Maid of Cotton.** (See press summary.)

**Venice International Fashion Show.**

**Market research:** Les Clients du Coton (Cotton Counts Its Customers); retailer survey; industrial surveys on autos, medical supplies; consumer surveys on women's wear, children's underwear and canvas shoes.

**Cooperative campaigns** largely financed by others but directed for cotton by the Syndicat in behalf of men's shirts (34,500 leaflets to stores); corduroy (25 pages of ads in 9 magazines); women's ready-to-wear (62 pages of ads and publicity in 3 magazines); children's wear (shows and television).

## GERMANY

**Press:** Press sheet to every major press outlet.

**Fashion:** Bulletin, touring show (44 cities before 25,000 persons plus 125 stories and/or photos in press).

**Sales training:** Lectures, booklets (translation of Why Cotton); slides.

**Cotton calendar.**

**Venice International Fashion Show.**

**Maid of Cotton.**

**Market research:** More than 30 special marketing surveys.

**Cooperative programs** involving displays, leaflets, and educational materials for needlework teachers and home sewing.

## ITALY

**Fashion:** Shows (3); press conferences for fashion journalists; advertising.

**Cotton Week:** 4,000 stores in 14 cities.

**Venice International Cotton Fashion Show:** Host and principal arranger of setting and other details.

**Maid of Cotton:** Visits, events, and shows in 4 cities resulting in massive radio, television, and press coverage.

**Market research.**

## JAPAN

**Manufacturer-retailer:** Wholesale exhibits of new fabrics for spring (4 cities) and fall (3 cities) backed by ads, direct mail, and publicity.

**Cotton Week:** Complete community participation and impact in 17 largest cities reaching estimated half of population.

**Educational:** Booklets (translations of Why Cotton, Count on Cotton, New Cottons, Facts About Fibers, plus original booklets); slides, lectures, motion picture.

**Fashion:** Design contest, shows, publicity, ads.

**Miss Cotton:** 32 events and shows in 11 cities.

**Public relations:** Industry bulletin, films, lectures, mill tours.

**Special events:** Slogan and sign contests, trade fairs.

**Venice International Cotton Fashion Show.**

**Cooperative campaigns:** Projects involving wide range of media largely financed outside, but controlled for cotton by institute in behalf of lace and embroidery fabrics, Kasuri, school uniforms, corduroy, and velveteen.

**Market research:** Nine detailed studies in quantitative, qualitative, and consumer preference areas.

## NETHERLANDS

Press: Conferences, press sheet.  
 Gifts: Ads, publicity, dealer aids.  
 Public relations: Women's clubs lectures and displays on national scale.  
 Educational: Displays and booklets.  
 Venice International Cotton Fashion Show.

## SPAIN

Fashion: Advertising (13 pages in 5 magazines); fashion bulletin (resulting in 15 pages, plus 14 photos on publicity); photo service; shows, designer liaison.  
 Press: Press sheet to 250 outlets.  
 Cotton Week: 67,000 pieces of materials to retailers for their own displays and ads.  
 Sales training: Booklets (Why Cotton translation), lectures.  
 Public relations: Industry bulletin, mill visits, lectures.  
 Special events: Sales.  
 Venice International Cotton Fashion Show.  
 Maid of Cotton: Massive publicity response.  
 Market research.

## SWITZERLAND

Press: Conferences, editorial liaison, press kits (resulting in at least 23 articles and 63 photos in first 3 months of 1957).  
 Public relations: Mill tours.  
 Special events: Cotton contest (34,000 entries).  
 Maid of Cotton: (First time best Swiss stores ever promoted cotton).  
 Venice International Fashion Show.

The CHAIRMAN. Now, we have before us Dr. Paarlberg.

Doctor, you may proceed, sir. Will you identify yourself for the record, please?

Dr. PAARLBERG. My name is Don Paarlberg. I am Assistant Secretary of Agriculture. On my right is Gwynn Garnett, Administrator of the Foreign Agricultural Service.

### STATEMENT OF HON. DON PAARLBERG, ASSISTANT SECRETARY OF AGRICULTURE

Dr. PAARLBERG. Mr. Chairman and members of the committee, I welcome this opportunity to discuss with you operations under Public Law 480, and to present our views concerning an extension of the program. The program has made it possible for us to make constructive use of our agricultural surpluses at home and abroad.

To permit continuation of these activities, we are recommending that foreign-currency sales under title I be extended for 1 year through June 30, 1959; that the authorization be increased by \$1.5 billion; and that title II, which authorizes the use of food for emergency relief abroad, also be extended for 1 year. Balances available from the current \$800 million authorization for title II, however, are sufficient to permit continuation of operations for the additional period. Title III, which provides for donations through voluntary relief agencies and for barter transactions, does not have an expiration date under the act.

## SUMMARY OF OPERATIONS

This morning, the Department announced the signing of a title I agreement with the Republic of Korea. This brings the value of agreements to date to more than \$3.6 billion at CCC cost and more than \$2.5 billion at export-market value. This means that we have less



than \$400 million at CCC cost remaining, and programs now being finalized are expected to exhaust this balance very soon. We are hopeful, therefore, that prompt consideration will be given to an extension.

The agreements already signed provide for the shipment of 550 million bushels of wheat, 3 million bales of cotton, 25 million bags of rice, 1.8 billion pounds of vegetable oils, 133 million bushels of feed grains, 175 million pounds of tobacco, 150 million pounds of meat, 225 million pounds of lard, 162 million pounds of dairy products, 197 million pounds of fruit and vegetables, as well as other commodities.

The CHAIRMAN. That means agreements in which no deliveries have been made?

Dr. PAARLBERG. On most of these, deliveries have been made, but the deliveries lag behind the signing. So, this does not represent shipments; this represents agreements signed.

The CHAIRMAN. And it takes into consideration the additional moneys that were made available under the extension during the last session of Congress?

Dr. PAARLBERG. This is the total to date, Senator. In 1955-56, the first full year of operation of title I, foreign-currency shipments totaled \$427 million at export-market value, or 12 percent of total United States agricultural exports. During 1956-57, title I shipments amounted to nearly \$900 million, nearly 20 percent of the record-breaking \$4.7 billion total achieved.

Agreements signed to date will result in foreign-currency payments of more than \$2.5 billion. About 60 percent of the total will be used for economic-development purposes in importing countries; about 10 percent will be used to support the defense forces of our allies; and the remaining 30 percent is planned for meeting United States expenses overseas and expanding certain United States programs.

#### NEED FOR EXTENSION OF ACT

Public Law 480 was passed with the primary purpose of aiding in the disposal of large, accumulated surpluses. When the act was passed, the Commodity Credit Corporation's investment in agricultural commodities was valued at \$6 billion. This investment continued to rise in the next 2 years, and totaled \$8.2 billion on June 30, 1956. As disposal programs, including CCC exports for dollars at world prices, began to have full effect, this rise in investment was arrested and a downward trend was started. CCC's investment in agricultural commodities on June 30, 1957, was \$7.3 billion. It is estimated that CCC's investment in commodities as of June 30, 1958, will be reduced to about \$6.8 billion. These reductions, resulting mainly from disposals of wheat and cotton, would have been greater except for the extremely large harvest of feed grains last year.

It seems likely that United States agricultural production will continue at a high level, and CCC will continue to take over production in excess of domestic use and commercial export outlets. Dollar exports are expected to decline from the high level reached during the year ending June 30, 1957. Contributing to this decline are the worsened dollar position of many countries, as well as improved agricultural production and stockholdings abroad.

In the title I program, orderly programing and shipping are extremely important. These are dependent on continuous programing without time out between utilization of separate authorizations. We have run into periods when title I programing has come to a standstill; for example, the development of new agreements virtually ceased in January 1957 when our authorization was almost exhausted. The availability of funds during the following months would have avoided a backlog of program requests from interested countries. This backlog resulted in the necessity to scale down, delay, or exclude country programs, and in erratic shipment performance. Shipments were running about 800,000 tons a month last spring; these dropped off to less than 400,000 tons, and are now just starting to increase again. It is possible that this same condition will exist again, unless an extension is granted early in this session of Congress.

The request for a larger authorization this year is caused by changing world conditions. The dollar position of several countries has worsened, and greater demand has resulted from poor harvests overseas. Shipments under past programs, particularly wheat for India, have been accelerated. In addition, we would expect to program part of the new authorization before June 30, if the extension is granted soon enough.

#### EFFECT OF ADDITIONAL \$1.5 BILLION

An additional \$1.5 billion would not result in an acceleration of shipments. At CCC cost, shipments under title I during 1956-57 amounted to about \$1.4 billion. Considering the \$700 million in commodities unshipped as of June 30, 1957, and the current \$1 billion authorization, it is estimated that an additional \$1.5 billion would result in shipments as follows—and, for the recent years of the program, these are shown in this small table:

	<i>Billions</i>
1956-57-----	\$1.4
1957-58-----	1.2
1958-59-----	1.4
1959-60-----	.6

The extension would thus allow us to maintain title I exports in fiscal years 1958 and 1959 at about the same level as 1957.

Senator SYMINGTON. Mr. Chairman, may I ask a question here, for clarification?

The CHAIRMAN. Yes.

Senator SYMINGTON. Dr. Paarlberg, when you say an additional \$1½ billion, what is the figure that is added to?

Dr. PAARLBERG. Four billion.

It would mean, however, only a small impact on budget expenditures as compared with the volume of surplus commodities moved. About half of the costs of programing the proposed \$1.5 billion has already been incurred in price-support acquisitions of the commodities. The net new CCC expenditures, after allowance for resulting savings in storage costs, interest, and reduced price-support acquisitions, will be less than \$300 million. This will be less than 20 percent of the total, and will be spread over 3 years.



## PROGRAM RESULTS

Title I originally provided for an authorization of \$700 million in terms of what it costs the Government to supply commodities under the program. The value of these commodities at current world prices, of course, is considerably less. This authorization has been raised 3 times, and now is \$4 billion. Over \$3.6 billion of this limit has moved or will move under more than 100 agreements signed with 35 friendly countries. Agreements totaled about \$500 million in the year ending June 30, 1955, \$1 billion in 1955-56, and \$1.5 billion last year.

The bulk of the commodities included in these agreements has already been exported and the increase in title I shipments from year to year has been one of the major factors leading to the rise in our total agricultural exports. In 1954-55 our agricultural exports had a market value of \$3.1 billion. Title I shipments were small that year accounting for 3 percent of the total. In 1955-56 our agricultural exports rose to \$3.5 billion. Title I accounted for 12 percent of the total. In 1956-57, the year ending last June 30, agricultural exports rose to an alltime high of \$4.7 billion. Title I shipments made up almost 20 percent of the total, or about \$900 million.

The rise in total exports was the principal reason that last year the direction of surplus accumulations was reversed. During 1956-57, CCC investment in price-support commodities declined almost \$1 billion with the principal reductions being in wheat, cotton, and rice, commodities for which there were heavy movements under the title I program. I would like to mention some of the individual commodity performances.

## WHEAT

This commodity has been one of our greatest surplus problems. Stocks in Government hands increased in each of the 5 years prior to last year; last year, however, wheat exports reached the record high of 550 million bushels. In other words, last year we exported almost as much wheat as we consume domestically in an entire year. About 200 million bushels of this total moved against sales for foreign currencies under the title I program. The record shipments resulted in a reduction of more than 100 million bushels in CCC surplus.

## SOYBEAN OIL AND COTTONSEED OIL

Exports of soybean oil and cottonseed oil have established new record levels during the past 3 years. In each of the 3 years the major reason for the increase was shipments under the title I foreign currency program. Last year, for example, we exported nearly 1.4 billion pounds of these oils. Almost 50 percent of the total moved under the title I program. The title I program also is generally given credit for keeping soybeans out of price-support trouble. Despite a record harvest this year, the impact on the market has been relatively mild. The takeover of soybeans by CCC is expected to be only slightly larger than last year and we feel the carryover into next year will not be burdensome.

The CHAIRMAN. Dr. Paarlberg, can you tell us—if you don't mind—

Dr. PAARLBERG. Yes; indeed.



The CHAIRMAN. You state here that almost 50 percent of the total moved under title I program. How does that compare with previous years percentagewise?

Dr. PAARLBERG. It would be comparable to last year, would it not, Gwynn?

**STATEMENT OF GWYNN GARNETT, ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE**

Mr. GARNETT. Larger.

Dr. PAARLBERG. Larger than last year.

The CHAIRMAN. That is what I thought. In other words, you sold less oils for dollars this year than you did last year.

Dr. PAARLBERG. We would have to look up those figures.

Mr. GARNETT. Each year there has been an increase in dollar sales as well as the——

The CHAIRMAN. I understand, but there has been a greater increase in the sales under Public Law 480 than dollars; that is, insofar as soybean oil and cottonseed oil is concerned.

Mr. GARNETT. Well, there is a limit to the amount of oil that goes into our usual dollar market.

The CHAIRMAN. Last year the point was made before this committee that soybeans were in good shape because you were able to sell it. You did not take much of it in the Credit Corporation. And at that time, if I remember well, the amount percentagewise was about 22 to 30 percent. Here it has gone up to 50 percent. Now, if I am wrong in those figures, I wish you would correct the record and give us at this point the dollar value of soybean oil and cottonseed oil sold for dollars and how much was sold under Public Law 480, and give us the amount of the oil that you took into commodity credit stocks last year in contrast to this year.

Dr. PAARLBERG. We will be very happy to do that.

The following table shows total United States exports of soybean oil and cottonseed oil and shipment of these oils under Public Law 480 and the Mutual Security Act for the fiscal years 1955-56 and 1956-57.

The Commodity Credit Corporation has had no stocks of soybean oil or cottonseed oil since early in calendar year 1956.

*Soybean oil and cottonseed oil: United States exports, total and under Government programs, fiscal years 1955-56 and 1956-57*

Commodity	Quantity (thousand pounds)		Value (thousand dollars)	
	Amount, 1955-56	Amount, 1956-57	Amount, 1955-56	Amount, 1956-57
<b>SOYBEAN OIL</b>				
Total United States exports.....	371,330	926,421	58,200	144,746
Government programs:				
Public Law 480, title I.....	178,977	590,323	30,671	96,773
Public Law 665, sec. 402.....	35,750	66,864	5,968	11,087
Total, Public Laws 480 and 665.....	214,727	657,187	36,639	107,860
Outside Government programs.....	156,603	269,234	21,561	36,886
<b>COTTONSEED OIL</b>				
Total United States exports.....	651,539	462,300	107,006	67,772
Government programs:				
Public Law 480:				
Title I.....	304,730	86,488	49,235	14,061
Title II.....	26,905	60	5,502	14
Title III:				
Sec. 302.....	14,960	1,900	3,000	400
Sec. 303.....	15,044		1,895	
Public Law 665, sec. 402.....	25,634	71,033	3,704	9,201
Total, Public Laws 480 and 665.....	387,273	159,481	63,336	23,676
Outside Government programs.....	264,266	302,819	43,670	44,096

Dr. PAARLBERG. I might indicate that your general point is correct, Senator, that exports under this program have increased relatively more rapidly than the dollar exports, although they have both risen.

The CHAIRMAN. Well, my fear is that as long as we have a continuation of Public Law 480 more and more countries will come to depend on it; and instead of using dollars, they are going to use their own currencies and, in the long run, we will be that much more out. That is why some of us on this committee believe that we ought to get some value by way of bartering rather than their currencies.

Dr. PAARLBERG. Senator, we feel we are getting value for these commodities. We think that the returns we receive are important in many respects. We do barter. We barter whenever we feel we can get additionality by bartering.

The CHAIRMAN. What was that word? I didn't get that word.

Dr. PAARLBERG. Additionality, in the way of——

The CHAIRMAN. That is a new one to me.

Dr. PAARLBERG. If I need to elaborate on that word, I will be glad to, but I believe it explains itself.

The CHAIRMAN. I believe we understand what you mean.

Senator HUMPHREY. Mr. Chairman.

The CHAIRMAN. Senator Humphrey.

Senator HUMPHREY. Isn't it true, Dr. Paarlberg, that some of these areas that are buying the vegetable oils are areas critically short of dollars, in which we have heavy defense commitments and heavy outlays of military assistance? Is that not true?

Dr. PAARLBERG. That is very true. The bulk of the commodities under Public Law 480 are going to countries which receive aid from the United States Government in various forms, which is indicative of the fact that most of them are extremely limited in their ability to buy commodities from us for dollars. With our oils particularly, we have moved these into areas which we feel would not have taken them for dollars; and in that manner, we have added to our net exports and helped to meet their needs. The currencies that are generated by this program are used in a variety of ways. They are used to meet United States commitments abroad, for defense purposes; they are used to build up the military establishments in the recipient countries.

Senator THYE. Mr. Chairman, could I ask the Doctor if he would mind an interruption at this point.

Could you give us the specific figures of the amount of these agricultural commodities going out under Public Law 480 to Spain? I think that there would be a concrete example of what—

Senator HUMPHREY. Sixty-nine million dollars last year.

Senator THYE. I mean total, now. You have had some in previous years. You had a contract that you just entered into in recent months, but I mean in the total. You have been under Public Law 480 since 1955, and you have had commitments previous to this last one that have gone to Spain, both wheat and oil.

Dr. PAARLBERG. This recent one to Spain was \$69 million.

Senator THYE. Yes, sir, but you had some previous to that.

Dr. PAARLBERG. I think Mr. Garnett has the grand total here.

Senator THYE. Yes, that is what I want to get, because then you get a concrete example; and everybody knows we have got three aviation bases under construction in Spain, plus one naval base. Then you have a concrete example of where agricultural surpluses are paying for what otherwise would be defense appropriations.

The CHAIRMAN. But, Senator Thye, this is now being used as a supplement to your present foreign aid program. Take, for instance, Korea. You said you signed a contract with Korea—now that you have brought the subject up. How much is that contract?

Dr. PAARLBERG. Fifty million dollars.

Senator THYE. I think you have the Spain figures right there.

Mr. GARNETT. Not including the agreement just signed, we have 205 million up to December 31 of last year.

Senator THYE. Yes.

Mr. GARNETT. And that included, if I might add, \$98 million for oils.

Senator THYE. Yes, \$98 million in oil, and the rest is wheat?

Mr. GARNETT. Not so much wheat, Senator. Wheat and cotton are the larger ones. Cotton included 33 million, wheat 4.6, feed grains 9.4, and tobacco 6.2.



The CHAIRMAN. Senator Young?

Senator YOUNG. I think you make it quite clear on page 2 in the third paragraph:

Agreements signed to date will result in foreign currency payments of more than \$2.5 billion. About 60 percent of the total will be used for economic development purposes in importing countries, about 10 percent will be used to support the defense forces of our allies and the remaining 30 percent is planned for meeting United States expenses overseas and expanding certain United States programs.

I think the program is well handled, and it is a good program. But the thing that bothers me is that this for the most part is charged to price-support operations and the general public thinks it is a give-away program to farmers. Actually most of this is taking the place of United States expenditures, and somehow or other it ought to be charged to mutual assistance or some other program rather than letting the general public believe that the farmer is getting a subsidy check for this amount. Would you agree with me on that, Dr. Paarlberg?

Dr. PAARLBERG. I would agree with that. I would think it would be very difficult to allocate to foreign aid and to the interests in this program, the separate cost allocation that should be made. I don't quite know how we would do that, but certainly the point that you make is an important one.

Senator YOUNG. On a trip I just made around the world, from which I returned in December, I asked almost every Ambassador, "If you did not have this program, would you have to be asking for more United States dollar appropriations?" And they all said yes. And I think this is a picture that ought to be made more clear to the general public, because I think it is regrettable that the public thinks the farmers are getting a subsidy check for this amount.

The CHAIRMAN. As I pointed out a moment ago, Senator Young, this is now being used as a supplement to our foreign-aid program. And I wish to point out further that a continuation of this program, in my humble judgment, will decrease our ability to sell these products for dollars, because they will depend on this, and we are going to find ourselves with a lot of foreign currencies. What I am proposing is that we get value for the things we sell abroad, such things as defense materials. I would rather have iron ore piled up in my back yard than foreign currencies in foreign banks.

Senator YOUNG. The barter arrangement increased because the United States Department of Agriculture gets full reimbursement under that program. That is the only one; is it not?

Dr. PAARLBERG. Under the barter program the difference between investment and the export price of agricultural commodities is a price-support gain or loss. CCC is reimbursed at cost for strategic and critical materials transferred to the national stockpile and for the lower of cost or market value for materials transferred to the supplemental stockpile. CCC receives reimbursement for full investment under the 480 program.

Senator YOUNG. You do not get full reimbursement under barter deals.

Dr. PAARLBERG. We do under Public Law 480 programs.

Senator YOUNG. Here is a statement contained in last week's issue of Time magazine. I would like to read it into the record:

In the postsputnik era, many a Congressman had raised his voice asking the administration to show leadership. The administration showed it by attacking

the Nation's \$5 billion a year farm giveaway in an election year, when the money is sorely needed for defense. Judging by its first spokesmen, Congress was in no mood to deal with the issue.

That is something I am concerned about—is all the money appropriated to the Department of Agriculture a giveaway program? The general public believes it when they read things like this.

Senator HUMPHREY. I just want to say that, if the Soviet Union had a Public Law 480, they would make a lot more progress than with sputniks. And here we have one before us and we do not know what to do with it. You are like a man who is rich and there is a grocery store across the street, but he starves himself to death because he has not learned how to walk.

Senator YOUNG. I think this is the best way we have found yet, to use our food in lieu of dollars for defense and in giving food to the hungry part of the world.

The CHAIRMAN. I would be in complete agreement with my good friend from North Dakota if you had a corresponding decrease in the money that we provide each year. But the Senator knows that the dollars we send abroad, instead of decreasing are increasing, and this is used as a supplement.

Senator YOUNG. Let me give you a good example. In one of the countries of southeast Asia, we give them cash. They deposit the money in a bank in New York and then they go to the black market in Hong Kong and get 3 for 1.

The CHAIRMAN. Sure, that is in Cambodia.

Senator YOUNG. That is Laos. And then they go to Communist China and buy beer for part of the money.

The CHAIRMAN. Senator Symington.

Senator SYMINGTON. The other side of the problem of the value of foreign currency as against dollars has to do with the question of foreign aid.

Some of our manufacturers are doing very well selling abroad tools of wealth that produce wealth in the form of hard-line consumer goods, and so forth. That is given or lent by our Government as foreign aid. It seems to me, inasmuch as the agricultural economy is not doing nearly as well as the industrial economy, here is a chance to help one of the sources for foreign aid, the taxes on the profit of successful farm operations. I have just been reading a recent report put out by the Director of the Office of Defense Mobilization. They have over \$7.3 billion in this national stockpile and justify it as a defense requirement. In my opinion, less than 10 percent of it should be considered a defense requirement. But they are very proud of it. According to this report, they have over \$31½ billion in machine-tool reserves, and justify that as a defense requirement. In my opinion, that too should be given a long look based on what would actually be needed if we had a future war. Then they come to the figure which is looked on with shame, our agricultural surplus, which, as I remember, is \$5.6 billion, plus an additional \$1.6 billion of commitments. So here is a chance to use a lot of farm surpluses, in foreign aid, regardless of whether it is dollars or drachmas, or straight-out foreign aid, and at the same time improve our overall economy.

The CHAIRMAN. Dr. Paarlberg, a few moments ago, you made the statement that the Commodity Credit Corporation suffered a loss of



X dollars, let us say, which is represented by the difference between cost to the Commodity Credit and whatever the world price is.

Dr. PAARLBERG. Within the Commodity Credit Corporation, we are compensated fully for commodities that we move under title I, so that the Commodity Credit Corporation is fully restored financially for this operation. And on the books of the Commodity Credit Corporation, there is no loss experienced as a result of sales for foreign currency.

The CHAIRMAN. Well, what about the difference between the world price and what it cost Commodity Credit? Is that not charged to you as a loss?

Senator HUMPHREY. No, sir; not on title I.

Dr. PAARLBERG. Not on title I.

The CHAIRMAN. Oh, excuse me. If there is any error, correct me on that.

All right, how about title II?

Dr. PAARLBERG. Title II is the same.

The CHAIRMAN. Well, then, if that is true, that makes a picture we tried to paint here the other day, when your boss was before us, still brighter. In other words, is this committee to understand that any commodity that you sell abroad, the Commodity Credit Corporation gets full value for it; every dollar you put out, you get back?

Dr. PAARLBERG. Under Public Law 480, Commodity Credit Corporation is fully restored for all its investments.

The CHAIRMAN. Well, where is that loss chargeable, between the world market price and the cost to you?

Dr. PAARLBERG. Senator, when we make our report which we made to you—

The CHAIRMAN. I know that, but tell me in what department of Government is that loss suffered? Who is it charged to—the difference between what it costs you and the world price?

Dr. PAARLBERG. When we make an accounting of the cost of programs primarily for the support of farm prices and farm income, then the difference between the Commodity Credit Corporation investment and what is realized in the way of foreign currencies for the sale of these commodities, this shows up as a cost of programs primarily for the support of farm prices and farm income.

The CHAIRMAN. Where is it charged, to what department? Is it the Commodity Credit Corporation, the farm program, or is it charged to the State Department?

Senator YOUNG. Famine relief is a good example.

The CHAIRMAN. Well, it is a simple question. I do not know how to make it simpler.

Dr. PAARLBERG. The Commodity Credit Corporation report that you gentlemen see, which comes out, I think, monthly, reflects the situation that I have indicated; namely, that Commodity Credit Corporation is fully restored on the sale of commodities into export under Public Law 480.

The CHAIRMAN. But there is a loss; is there not?

Dr. PAARLBERG. There is a loss.

The CHAIRMAN. Now, to whom is that loss charged?

Dr. PAARLBERG. I will ask one of our boys—

The CHAIRMAN. Well, you ought to know that, Dr. Paarlberg.

Senator THYE. Mr. Chairman, could we—

The CHAIRMAN. No, let's have that answered. We may be able to clarify this.

Senator THYE. It is so simple it is confusing. Suppose the Commodity Credit Corporation had \$1.50 invested in a bushel of corn, sold that bushel of corn abroad under barter or sale provisions of Public Law 480, and it brought 75 cents. That would be a 75 cents loss, would it not, on the transaction of that bushel of corn?

Dr. PAARLBERG. It would. But the Congress, in writing the law, has specified the manner in which this shall be shown on the books of the Commodity Credit Corporation.

Senator THYE. That is just exactly what I am getting at. Where did you charge the 75 cents that is the loss to the Commodity Credit? Who did you charge it to?

Dr. PAARLBERG. Under the barter, the 75 cents loss would be charged to the price-support program and the loss would be restored to CCC in the regular restoration of capital impairment. Under title I, Public Law 480, the full \$1.50 would be appropriated under the \$4 billion limitation; however, the 75 cents loss would be considered as a cost to agriculture for programs primarily for stabilization of farm prices and income.

Senator THYE. Do you reflect, then, that 75 cents loss as a cost to the farm program? That is all I want to know now.

Dr. PAARLBERG. When we make our accounting, when we show the realized cost of farm programs, we show the 75 cents as a cost.

Senator THYE. In other words, it is finally shown that this 75 cents is what we spent in supporting corn. Now, that is what you do with it, is it not?

Dr. PAARLBERG. That is correct.

The CHAIRMAN. But when the Secretary presented it to this committee, it was charged to the farm program.

Senator Symington.

Senator SYMINGTON. Dr. Paarlberg, I would like to ask a question about bookkeeping. You are saying to Senator Thye that the Department of Agriculture, through the Commodity Credit Corporation, is completely reimbursed by the Treasury for any loss due to the softening of these funds. But when the Secretary of Agriculture came up here and presented this situation to this committee from the standpoint of profit and loss, or loss, he presented this as a loss of the Department of Agriculture, is that correct?

Senator HOLLAND. No, that is part of the cost of the support-price program.

Dr. PAARLBERG. It is part of the cost of price stabilization.

Senator SYMINGTON. Although you were reimbursed for it, it is a cost then—is that right?—applied against the agricultural program?

Dr. PAARLBERG. Well, it does not show as a loss in the operations of the Commodity Credit Corporation; it is a loss that is experienced by the Government generally in conducting these programs and was so accounted for.

Senator SYMINGTON. I understand, but, of course, it could not be expressed as a loss to the Commodity Credit Corporation because they were reimbursed a hundred percent.

Dr. PAARLBERG. That is correct.



Senator SYMINGTON. If it is a Treasury loss, however, incidental to foreign-aid and foreign-policy operations, it is, nevertheless, presented as a cost by the Department of Agriculture.

Dr. PAARLBERG. May I make this point.

Senator SYMINGTON. I would like to hear your point, but what about the answer to my question?

Dr. PAARLBERG. The answer was—it was a complex question—

Senator SYMINGTON. Let me simplify it. Figures came up here recently to show the overall cost of the farm program. Despite the fact you have now testified that the Commodity Credit Corporation was reimbursed 100 percent for any cost, or loss—in my opinion, both words are applicable—the loss is expressed as a cost to the Department of Agriculture in the figures that were presented by the Department when we were also to consider the question of the cost of running the Department of Agriculture.

Dr. PAARLBERG. This is partly correct. The part that was attributed to the cost of farm programs was the difference between what the Government has invested in this commodity in the case of the original acquisition, the storage, the administration, and whatnot—the difference between that figure and the figure that was realized in the movement of this commodity into use at world prices. Now, I would submit, Senator, that it might well be a case, and a good case, that what went at the world price to meet foreign-aid commitments and whatnot, that this should not be, certainly, fully charged to Agriculture. But, certainly, the difference between the investment and what was eventually realized, this certainly would be a legitimate cost to charge to the program.

Senator SYMINGTON. I cannot agree with you on that. What you are doing in this foreign operation is done in the interests of the United States, just as much as any other foreign aid. It intrigues me, as a former operator in the executive branch, that for some reason every other department which comes before the Congress tries to show how little money they spend for what they do; but the Department of Agriculture alone is always anxious to show how much are its costs.

The CHAIRMAN. Senator Eastland?

Senator EASTLAND. Dr. Paarlberg, of the billion-dollar allocation, now, at the request of the State Department, 20 percent of that was withheld; was it not?

Dr. PAARLBERG. That is not the case to my knowledge.

Mr. GARNETT. The answer is "No."

Senator EASTLAND. Now, at the request of the State Department, what did you withhold for allocation in emergencies for the promotion of foreign policy?

Dr. PAARLBERG. May I outline how we operate, Senator?

Senator EASTLAND. Yes.

Dr. PAARLBERG. We receive an authorization from the Congress to the amount, let's say, of a billion dollars. We endeavor to estimate what the requests will be for those funds from the various countries, to the degree we are able. We endeavor to anticipate what our own inventory and supply position will be with respect to various commodities. Then in a rough way we try to match these up. It would be folly to proceed without a plan and simply program whatever hap-



pened currently to appear to be needful. So we have a general outline of how we will operate, how we will use this billion dollars. Then as times goes on, as conditions throughout the world change, as our own supply condition changes with maturing crops, we modify these tentative plans and try to meet the needs as they currently develop. We do not withhold any specific sum that we refrain from programing.

Senator EASTLAND. No; but is it not a fact, now, that 20 percent was allocated for emergency at the request of the State Department, solely to promote American foreign policy

Dr. PAARLBERG. We do not know of that.

Senator EASTLAND. Well, I have read that. We just want the facts about it.

Mr. GARNETT. It is not true.

The CHAIRMAN. Senator Humphrey wants to ask a question.

Senator HUMPHREY. In reference to this bookkeeping, which is something that is helpful in clarification, is it not true that the Commodity Credit Corporation, as the agent handling these commodities for purposes of Public Law 480 transactions, also gets a little profit? Don't you charge a fee?

Dr. PAARLBERG. That is correct. It results from the accounting procedure involved in charging CCC's overhead costs which are not included in the book value of the commodities.

Senator HUMPHREY. All right, let's just pin this down. Of course, all of this is in the record. There are 785 pages of testimony on hearings that we held here. What happens is that the Congress appropriates money, which in turn is used to reimburse or pay for Commodity Credit Corporation items that are sold by the Department of Agriculture in consultation with the State Department—this committee arrangement that you have—to foreign countries. Those foreign countries pay back under title I in their foreign currencies. Those currencies are deposited to the account of the United States of American under the jurisdiction of the Department of the Treasury, is that correct?

Dr. PAARLBERG. That is my understanding.

Senator HUMPHREY. Then those funds are allocated for whatever purposes the agreement may include, such as economic loans, and so forth. So the truth is that the Congress has seen to it that the Department of Agriculture is not only reimbursed fully—and that includes the full value plus storage and all the other things that go into this, the whole formula for Commodity Credit Corporation costs—but plus a handling fee which results in a little profit to the Commodity Credit Corporation for the handling of Public Law 480 commodities, right?

Dr. PAARLBERG. That is correct. However, this is only a recovery of overhead costs not originally charged to the commodity cost.

Senator HUMPHREY. Then the only problem involved here is the terminology, and it is in your statement, "disposal of agricultural commodities." Rather than looking upon this as a fundamental part of American foreign economic policy, we call it disposal of agricultural commodities.

Turkey has 32 divisions of troops. How long do you think Turkey would be able to keep those 32 divisions without American food?

Dr. PAARLBERG. They would experience extreme difficulty, I am sure.

Senator HUMPHREY. I have talked to them. They would not be able to send them 6 months. I am being very generous, for security reasons.

What chances do you think the India development program would have, in which we have manifested an interest to the tune of hundreds of millions of dollars in cash? How long do you think that the India economic development program would last without American food?

Dr. PAARLBERG. I do not know how long, but I do know——

Senator HUMPHREY. Would it last, would it work?

Dr. PAARLBERG. It would, indeed, be a question. I know they are dependent upon our help to a very large degree.

Senator HUMPHREY. Yes, indeed. What about Greece, which is the second best ally we have in terms of manpower commitments? What do they have, 17 or 14 divisions of troops? These are the majority of NATO forces that General Norstad talks about when he talks about how we will defend ourselves from 175 divisions of Russian troops waiting on the border to attack us. How long do you think the Greeks would last without the American wheat and oils and butterfat products? Not very long, would they?

Dr. PAARLBERG. I would judge that is correct.

Senator HUMPHREY. Well, you see what I am getting at—I am not scolding you. As a matter of fact, I think this is the finest program our Government has, and I think it does more good than most of the agricultural programs put together for everybody—for the producer, for the Nation, and for our allies. Now, we either give or sell this food; and in this instance we sell it to allies, don't we, or to people for foreign-policy purposes, such as Poland, where we are seeking a break in the Iron Curtain. Right?

Dr. PAARLBERG. There are, as you know, Senator, a number of purposes that are served by this program.

Senator HUMPHREY. Right. And foreign policy is one of them.

Dr. PAARLBERG. Economic development, which is a part of foreign policy, is also concerned. The movement of heavy supplies which we have accumulated is also concerned.

Senator HUMPHREY. Now, may I ask just two questions? No. 1, most of the countries to which this food is sold, or to which it is given, even, under famine purposes—but the sales under title I are the bulk of this program—most of the countries to which there has been sales are allies of the United States; is that right?

Dr. PAARLBERG. About 80 percent of our title I sales are to countries which receive foreign aid from the United States.

Senator HUMPHREY. Or military assistance. They are our allies—Korea, Formosa, Greece, Turkey—or where we have strategic bases, such as in Spain, where the general in charge of these bases told me personally, and has told other Senators, that he would not want to be held personally accountable for their security without American food. Now, if that is the case, would we not have had to somehow or other provide something else? We would have had to find the food someplace—Canada, Australia, New Zealand, someplace—if these allies needed this food.

Dr. PAARLBERG. Some part of these needs would have had to be so met.



Senator HUMPHREY. What about the currencies, now? For example, we always talk about the value of these currencies. Now, we know that the food is sold at world prices, and we know that, to the Treasury Department, to the total United States, there are some losses; not to Agriculture, but to the total of the United States, there are, if you wish to call it so, losses. However, it seems to me when you send B-47's to Turkey or someplace else you can charge it off as a loss, too, because some of them fall out of the air and they become obsolete. But we do not call that a loss; we call it an investment in freedom. But these currencies we get, they represent the countries; and I am of the opinion that, if the currencies are no good, the countries are no good. And we are rather insulting to these countries; we are saying that the country is no good. I must say that a drachma is good if you are a Greek and live in Greece. That is what they use for money. If the Greeks are worth while as an ally—and I think they are terrific, they are wonderful—then their money is worth something. We get drachmas in return for our products. They are deposited in the bank at Athens for the account of the United States, and it is available for the purposes listed in the law, right?

Dr. PAARLBERG. Correct.

Senator HUMPHREY. Now, the final question I would like to ask you, in reference to the use of Public Law 480, is whether we ought not to talk about this as just surplus disposal, which is misleading to ourselves and insulting to our friends and neighbors. The reason I say this is that, even if we did not have any surplus in America today, and we still were an ally of NATO, and the Russians still growled as they have continued to growl, we would have to have some rationing in the United States to get the food for our allies. You cannot run an army on hope and sputniks and scientists. All the scientists in the world still have not been able to substitute food. It still takes food. So it seems to me that the Department of Agriculture can help us here. It seems to me what we need to talk about is that this is a valuable tool for military and foreign economic policy. The United States would have to get this food someplace. To me, even the giveaway programs through our churches are very important. I think they do a whole lot more good than even representation allowances for embassies. We give away a lot of cocktails. I see no reason why we should not give away some milk. Yet I hear more complaints about the milk that we give away than the cocktails. Maybe both are required in foreign policy, but it seems to me what we ought to be thinking about here is that these programs are basically essential to the security of the land. And when you go around telling people that the only reason we are going to sell them this food, or give it to them, is we have got so much that we are putting it in garbage cans, you lose half of the impact. The world is quick to tell about it, too. I happen to be the simple-minded fellow who thinks the abundance of food is the best asset we have, and I want to say that a 1-year extension is a sign of timidity, lack of courage, and lack of foresight.

Now, if you think the cold war is going to be over in 1 year, this is the best news the press has ever had. But, as long as the cold war is on and there are hungry people and Allies, we are going to need food.



I want to know why we get a request from the State Department for mutual security for long-term reasons, and from the Department of Agriculture, for 1 year. Because one or the other is right. If you only need 1 year, then you need it only in mutual security, because this is tied in definitely with our foreign economic policy and our military policy. And I happen to feel that, as long as the NATO Alliance is in being, we are going to need it.

The CHAIRMAN. I do not want to argue the question with our good friend from Minnesota, but I have here before me the most recent statement made by the President of the United States. Dr. Paarlberg, I am sure you are familiar with it. Wherein on 7 agreements that were entered into here lately, the export market value was \$205 million, which includes \$24.6 million ocean freight, and the cost to the Commodity Credit Corporation was \$332.8 million. And this difference of \$127.8 is given back to you by the Treasury. In other words, you get it through appropriations made here in Congress; but notwithstanding the fact that you do get it back in that manner, you still charge that to the farm program; am I right?

Dr. PAARLBERG. In the statement we prepared, it was so charged.

The CHAIRMAN. Sure, I understand that. Going back to this suggestion made by my good friend from Minnesota, I have just returned from Greece, and there is no more prosperous country in that part of the world than Greece today. I was told by the old people there that they need no further aid. We are going to let them have \$45 million, I understand, of these goods. Now, of the foreign currencies received from Greece, 40 percent of it will be used for our own purposes and 60 percent will be used for economic development in Greece. I guess the same pattern is followed there as in other countries.

Dr. PAARLBERG. It varies markedly from country to country.

The CHAIRMAN. Now, this 60 percent of foreign currencies you speak of here that is taken over by the Government, the Commodity Credit Corporation gets United States dollars for that?

Dr. PAARLBERG. The 60 percent of foreign currencies used for economic development is a nonreimbursable use and CCC does not get United States dollars for that; however, CCC is reimbursed by appropriation under the \$4 billion limitation.

The CHAIRMAN. And the currencies are deposited in the respective countries where these commodities are purchased; is that not right?

Mr. GARNETT. Right

The CHAIRMAN. And then they are repaid to us over a period of 30 or 40 years. So this long-term credit that the Senator from Minnesota refers to, we are giving them a long time in order to repay this. Is that not correct?

Dr. PAARLBERG. You are speaking of the loans for development?

The CHAIRMAN. That is what I am talking about.

Dr. PAARLBERG. That is correct.

The CHAIRMAN. In other words, you are using this Public Law 480 along the same lines as foreign aid was used in the past. It is just an additional method or new way, another way, of furthering our foreign-aid program. Am I correct in that?

Dr. PAARLBERG. It has that aspect, Senator, but that is not the only aspect of the program.

Senator YOUNG. I had a question I wanted to ask a while ago. Dr. Paarlberg, are these food packages distributed by the church organizations and CARE a part of Public Law 480?

Dr. PAARLBERG. They are not a part of title I. Those are donations from voluntary agencies under title III.

Senator YOUNG. And these are given to the church organizations and CARE free?

Dr. PAARLBERG. That is true.

Senator YOUNG. But it is charged as a loss to the Department of Agriculture, isn't that correct?

Dr. PAARLBERG. I think the donations are shown as a loss.

Senator YOUNG. And it appears in Secretary Benson's statement under the bold headlines, "Price support program," it appears as a part of that headline. That is what bothers some of us here.

The CHAIRMAN. Senator Holland.

Senator HOLLAND. I agree with my colleagues who said they think agricultural production of the Nation is our ace in the hole, the biggest thing we have in international policy. I do not agree at all with their statement that the difference between the price-support costs and the world costs should not be charged as part of the agricultural price-support program.

Now, Dr. Paarlberg, isn't it true that the reason you pay more for the acquisition of these surplus commodities than the world price is because they are covered by the price-support program and because the price which you pay is fixed by the price-support program?

Dr. PAARLBERG. This is true.

Senator YOUNG. That would not apply to fruits and vegetables, would it?

Senator HOLLAND. That is a very small part of the figure. There is no loss there at all. I am glad you mentioned that.

The CHAIRMAN. There is, Senator. You would lose it in the value of the currency you take.

Senator HOLLAND. But Uncle Sam has no investment in the acquisition of the fruits and vegetables, and the only loss we have here is the matter of currencies which you are writing off. As to all the other crops which are surplus and which I agree should be written off, you are selling at world prices for all you can get, and you are selling for the currency of the other nations under the direction of Congress—

Dr. PAARLBERG. That is correct.

Senator HOLLAND. Which is all you can get, and you are not charging to the agricultural program all of that part of the cost which is realized back in foreign currency.

Dr. PAARLBERG. That is right.

Senator HOLLAND. You are charging only that part which represents the difference between what you have to pay, which is dictated under the price-support program, and the world price at which you sell.

Dr. PAARLBERG. That is correct.

Senator HOLLAND. Mr. Chairman, I went to say that the Department of Agriculture would be misleading in its report, if it did not charge that as part of the cost of the agricultural price-support program. Having had a part in this legislation from the very beginning,



I know that from its inception its purpose has been to cut down surpluses, and it emanated from this committee which handles agricultural matters, and not from the Foreign Relations Committee. It is the most valuable adjunct we have been able to work out to cut down our surpluses; and it has greatly reduced the losses which would have otherwise been sustained, and the costs which would have otherwise had to be paid under the price-support program, by enabling us to move great quantities of surplus commodities at world prices which would have spoiled or deteriorated without this outlet. So I simply want this point of view to be in the record, that I think sound methods of reporting the cost of the price support program should involve the difference between the cost of agriculture at price support value, plus storage and other costs, and the foreign currencies which have been received at world market prices.

(NOTE.—In the Department's statement on costs of "Programs Primarily for Stabilization of Farm Prices and Income" credit is given for foreign currencies received.)

Senator YOUNG. Will the Senator yield?

Senator HOLLAND. I yield.

Senator YOUNG. How can you charge, as a price-support operation, the losses on fruits and vegetables when there is no price-support program on them?

Senator HOLLAND. The fruits and vegetables are not costing the price support program anything because they are not being price supported.

Senator YOUNG. But they are being purchased and sold at a loss under Public Law 480.

Senator HOLLAND. They are being sold by private entrepreneurs.

Senator YOUNG. I have no objection to this program, but I think it is not right to charge it as a price-support operation.

The CHAIRMAN. Dr. Paarlberg, you may proceed.

Senator HOLLAND. Let me add this, too; that everything that we have done in connection with fruits and vegetables, which is very minor, could have been done under section 32. Fruits and vegetables have not been demanding any special treatment, and haven't been getting it. They have been getting very little inclusion under this program. We had to fight for what little inclusion we got, and the only loss that the Federal Government is sustaining under that program is in connection with the receipt of the foreign currency. We do not have the loss resulting from the difference between the world price and an artificially high price paid under a price-support program which has forced an enormous loss on all the people of our country and, certainly, is part of the cost of the price-support program, and there isn't any way to regard it as anything else.

Senator YOUNG. Will you yield?

Senator HOLLAND. Yes.

Senator YOUNG. How can you charge a loss under fruits and vegetables to price supports, when there is no price-support program for them?

Senator HOLLAND. I do not believe it could be done.

Senator YOUNG. Well, that is what it is charged to.

The CHAIRMAN. Senator Symington.

Senator SYMINGTON. Mr. Chairman, I have one comment. Confirming what Senator Humphrey said, due to the collapse of the commitments of most of the nations in NATO, which we understand is important to our security——

The CHAIRMAN. That was 10 years ago.

Senator SYMINGTON. What they promised, as against what they have done; the 32 divisions in Turkey are absolutely vital to the security of the United States, according to all our top military leaders. Now, Senator Humphrey states that, if we did not have these food surpluses to support those troops, we would not have those 32 divisions for 6 months. Then we would have to come and plead with our farmers to produce more. If that is true, those who should represent the farmer, to the best of their ability, in his present unfortunate situation should emphasize that this surplus was being utilized in the interests of our security. We pass many laws to give subsidies to nearly all other segments of the economy. Those agencies do not come down here and groan about the cost of these supports. They are proud about the fact they have been able to do something for a more prosperous and secure America.

The CHAIRMAN. Proceed, Dr. Paarlberg.

#### COTTON

Dr. PAARLBERG. The major reason that our cotton exports expanded so markedly in 1956-57 was CCC export programs. Exports last year reached 7.6 million bales, the highest total in a quarter of a century; nearly 20 percent moved under the title I program. The expanded exports have made possible reduction in CCC cotton surpluses for the first time in 6 years. Instead of adding to the existing surplus carry-over, stocks this past season were reduced by more than 3 million bales.

#### RICE

A huge reduction in surplus stocks of rice resulted from a record export year, which totaled about 26 million bags, of which 18 million bags moved under foreign-currency sales. The title I shipments went to India, Korea, Pakistan, and Indonesia, where increases in consumption would be obtained without affecting world markets. These movements have disposed of surpluses which had accumulated since the 1953 crop, and have greatly improved domestic marketing conditions.

#### USES OF FOREIGN CURRENCY

Foreign currencies received in payment for commodities are deposited to the account of the United States overseas, and are used for purposes authorized in section 104 of Public Law 480 and specified in the sales agreement. Several departments and agencies have responsibility for administering the expenditure of these currencies. For example, the Department of Agriculture is concerned with the use of currencies for agricultural market-development purposes; the International Cooperation Administration for currencies loaned back to importing countries for economic development purposes; and the Export-Import Bank of Washington for currencies loaned to private business firms.



About \$43 million in currencies has been tentatively earmarked for agricultural market development under existing agreements. To date, more than \$9 million of this is being obligated for approved projects, together with contributions by private trade organizations cooperating in these projects of nearly \$3 million. Results of these promotion efforts are already evident, in some instances. Cotton-promotion projects undertaken in 21 countries have been a factor in the free movement of cotton overseas, and should continue to encourage exports for some time to come. The title I poultry sale to the Republic of Germany, plus a promotion project, resulted in dollar purchases by that country of more than 4 million pounds of poultry in 1957. Particularly good results have been obtained in Japan in maintaining United States wheat and tallow exports, and increasing the use of United States leaf tobacco. Commercial supermarkets have been opened up in Italy because of the success of a supermarket exhibit held during a trade fair there. These new markets are now selling many United States grocery items which had not been made available in Italy to any great extent. We believe that, as more projects are undertaken and more products exhibited at trade fairs, our export markets for many commodities will widen considerably.

Senator YOUNG. Could I interrupt just to say that I followed many of these programs in my trip around the world, and I think it is working out very well. We are increasing our sales in these foreign countries, as you say, and you have only cited part of the good examples.

Dr. PAARLBERG. Thank you, Senator.

More than half the foreign currencies expected to accrue under existing agreements will be loaned back to importing countries for use in economic-development projects agreed upon with the International Cooperation Administration. Considerable emphasis is placed upon coordinating plans for the use of these funds with the overall development programs of these countries. In approving loan projects for agricultural purposes, care is exercised to avoid encouragement of production which would result in reduced outlets for United States agricultural commodities.

The extension of Public Law 480 granted in August 1957 provided for relending of foreign currencies, largely to United States firms and their affiliates, to assist in the development and expansion of private business in foreign countries. The equivalent of about \$45 million will be reserved for these purposes in agreements negotiated this fiscal year with France, Greece, Israel, Korea, Mexico, and Pakistan. These funds will be available to private business firms through the Export-Import Bank of Washington when commodities under these agreements are shipped and paid for and proceeds assigned to the bank.

Currencies are also being used for the payment of United States expenses abroad; for the procurement of military services and equipment for military assistance; for educational exchange programs; for assistance to American-sponsored schools, libraries, and community centers; for the translation, publication, and distribution of books and periodicals; and for the purchase of goods for other friendly countries.

## BARTER ACTIVITIES AND TITLE II

Public Law 480 served to emphasize and strengthen barter operations authorized by previous legislation. Since July 1954, exports of agricultural commodities from CCC stocks through barter have totaled about \$900 million at market value.

In May 1957, the barter program was revised to assure that each barter contract results in a net increase in exports of the commodity involved and to require the payment of interest by barter contractors desiring delivery of agricultural commodities in advance of delivery of materials to CCC. Program procedures were also simplified this past December. In the first half of fiscal year 1958, barter contracts were negotiated for \$3 million worth of commodities.

We are now discussing a proposed barter transaction with India involving the exchange of 500,000 tons of wheat for strategic materials which we hope will be finalized soon. In addition, we are considering other proposals to barter CCC stocks for strategic materials.

Our recommendations include extension of the title II program which permits the President to act quickly to relieve distress abroad caused by famine, flood, and other emergency conditions. I understand that representatives of ICA are here in the event information is needed concerning these activities.

And there follow, Mr. Chairman, several tables which indicate the commodity composition of programs under title I agreements signed July 1, 1957, to February 5, 1958; a table showing approximate quantities of commodities under title I, Public Law 480 agreements signed July 1, 1957, through February 5, 1958; and a table showing planned uses of foreign currency under title I, Public Law 480 agreements signed July 1, 1957, through February 5, 1958.

The CHAIRMAN. That will be put in the record as part of your remarks.

(The three tables referred to are as follows:).



TABLE I.—Commodity composition of programs under title I, Public Law 480 agreements signed July 1, 1957, through Feb. 5, 1958

[In millions of dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation	Estimated CCC cost including ocean transportation
<b>Fiscal year 1958 agreements:</b>												
France	11.4	4.7			2.5	0.6			2.5	0.1	2.6	2.6
Greece	9.3	8.7				10.6			16.7	3.1	19.8	32.7
Israel	24.5	15.9		0.8	.2		2.1	2 0.1	31.8	3.2	35.0	57.3
Korea		26.6							40.4	9.6	50.0	78.3
Mexico			14.4			2.2	.3		26.6	1.6	28.2	65.6
Pakistan	36.6								53.5	11.9	65.4	99.7
Poland	24.6	1.5		17.1					43.2	3.4	46.6	66.8
Spain		5.0		11.8	5.3	1.0	41.8		64.9	4.2	69.1	78.5
Turkey	15.4	3.0				2.2	21.4		42.0	4.8	46.8	62.4
United Kingdom								3 8.0	8.0		8.0	8.0
Yugoslavia	37.8			15.1			9.9		62.8	7.2	70.0	98.0
Total agreements, July 1, 1957 to Feb. 5, 1958	159.6	65.4	14.4	44.8	8.0	16.6	75.5	8.1	392.4	49.1	441.5	649.9
Total agreements, fiscal years 1955, 1956 and 1957	763.9	95.4	150.6	406.6	110.7	22.3	275.2	48.2	1,872.9	222.9	2,095.8	3,010.4
Total all agreements, fiscal years 1955, 1956, 1957 and 1958	923.5	160.8	165.0	451.4	118.7	38.9	350.7	56.3	2,265.3	272.0	2,537.3	3,660.3

<sup>1</sup> Includes only ocean transportation to be financed by CCC.<sup>2</sup> Fresh, dried, and canned fruits.<sup>3</sup> Dried prunes.

TABLE II.—Approximate quantities of commodities under title I, Public Law 480 agreements signed July 1, 1957, through Feb. 5, 1958  
[In thousands]

Country	Wheat and flour	Feed grains <sup>1</sup>	Rice	Cotton	Tobacco	Dairy products <sup>2</sup>	Fats and oils <sup>3</sup>	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
	Bushel	Bushel	Hundred-weight	Bales	Pounds	Pounds	Pounds	Pounds	Hundred-weight	Pounds	Pounds	Hundred-weight
<b>Fiscal year 1958 agreements:</b>												
France	6,798	4,268			4,500	4,304						
Greece	5,545	7,480			231	45,987	14,763			4,882		
Israel	14,444	16,140		5.0								
Korea		20,501										
Mexico												
Pakistan	21,851		2,182			3,998	2,001					
Poland	14,239	1,560		106.9		(5)						
Spain	3,937	2,825		69.4	8,833	9,952	259,225					
Turkey	9,086						143,624					
United Kingdom										671,992		
Yugoslavia	22,145			95.1			65,455					
Total agreements, July 1, 1957-Feb. 5, 1958	94,108	56,711	2,182	276.4	13,564	64,241	485,068			72,874		
Total agreements fiscal years 1955, 1956, and 1957	455,258	76,252	23,325	2,706.2	160,860	97,969	1,761,004	3,000	44	123,952	150,962	9
Total agreements, fiscal years 1955, 1956, 1957, and 1958	549,366	132,963	25,507	2,982.6	174,424	162,210	2,246,072	3,000	44	196,826	150,962	9

<b><sup>1</sup> See the following:</b>	<b>Thousand bushels</b>	<b><sup>2</sup> See the following:</b>	<b>Thousand pounds</b>	<b><sup>3</sup> See the following:</b>	<b>Thousand pounds</b>
Corn	31,091	Evaporated milk	4,176	Cottonseed and/or soybean oil	479,452
Oats	1,389	Dried whole milk	541	Tallow and/or grease	5,616
Barley	15,985	Nonfat dry milk	25,252	Total	485,068
Grain sorghums	1,947	Cheese	11,192	4 Dried prunes	
Feed grains	6,299	Butter	18,718	5 Not available	
Total	56,711	Ghee	3,998	6 Dried, fresh, and canned fruit	
		Butter oil	364		
		Total	64,241		



TABLE III.—Planned uses of foreign currency under title I, Public Law 480 agreements signed July 1, 1957, through Feb. 5, 1958<sup>1</sup>

[In millions of dollars]

Country	Total amount granted (market value including ocean transportation)	Market development (104 (a))	Purchase of strategic material (104 (b))	Military procurement (104 (c))	Purchase of goods for other countries <sup>4</sup> (104 (d))	Grants for multilateral trade and economic development (104 (e))	Loans to private enterprise (104 (e))	Payment of United States obligations <sup>3</sup> (104 (f))	Loans to foreign governments (104 (g))	International educational exchange (104 (h))	Translation and publication (104 (i))	Information and education (104 (j))
<b>Fiscal year 1958 agreements:</b>												
France	2.6	0.5			0.2		0.6	0.3		1.0		
Greece	19.8						2.9	5.0	10.9			
Israel	35.0	.3					8.7	3.0	21.0			1.0
Korea	50.0			41.0			2.0	7.0				
Mexico	28.2	2.5					7.1	2.9	13.6	1.2		.9
Pakistan	65.4	.7		5.0			16.4	9.9	30.8	1.1	1.0	.5
Poland	48.6				( <sup>2</sup> )			46.6				
Spain	69.1	1.0						37.0	31.1			
Turkey	46.8						7.0	19.1	18.7			2.0
United Kingdom	8.0	3.3						4.7				
Yugoslavia	70.0							17.4	52.6			
<b>Total agreements</b>	<b>441.5</b>	<b>8.3</b>		<b>46.0</b>	<b>.2</b>		<b>44.7</b>	<b>154.9</b>	<b>178.7</b>	<b>3.3</b>	<b>1.0</b>	<b>4.4</b>
<b>Uses as percent of total</b>	<b>100.0</b>	<b>1.9</b>		<b>10.4</b>	<b>.1</b>		<b>10.1</b>	<b>35.1</b>	<b>40.5</b>	<b>.7</b>	<b>.2</b>	<b>1.0</b>
<b>Total agreements, fiscal years 1955, 1956, and 1957</b>	<b>42,089.8</b>	<b>34.9</b>		<b>244.5</b>	<b>42.7</b>			<b>501.6</b>	<b>1,170.3</b>	<b>19.9</b>	<b>2.3</b>	<b>10.1</b>
<b>Total all agreements, fiscal years 1955, 1956, 1957, and 1958</b>	<b>42,531.3</b>	<b>43.2</b>	<b>2.0</b>	<b>290.5</b>	<b>42.9</b>	<b>61.5</b>	<b>44.7</b>	<b>656.5</b>	<b>1,349.0</b>	<b>23.2</b>	<b>3.3</b>	<b>14.5</b>

<sup>1</sup> Amounts shown in this table are subject to adjustment when actual purchases and allocations have been made.<sup>2</sup> Unspecified amount for possible procurement for 3d countries. Amounts shown in this column indicate a specified amount in the agreement for this use.<sup>3</sup> In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under secs. 104 (a), (b), (f), (h), and (i). In some instances, possible uses under sec. 104 (d) are also included in this

category. Therefore, estimates based on the best information now available are indicated above under subsecs. (a), (b), (h), and (i). Balances not otherwise distributed are included under subsec. (f). This distributive is subject to revision when allocations have been completed.

<sup>4</sup> Total market value differs from total in table I by the \$6,000,000 estimated for ocean differential in the Indian agreement for which no rupee deposits will be required.

The CHAIRMAN. Dr. Paarlberg, as I pointed out to you, when we started these hearings, the committee of conference between the Senate and the House placed in the conference report this language:

In this connection, the committee of conference expects that extra long staple cotton will be sold under the authority of this act, as is upland cotton, to any friendly nation without regard to the fact that this commodity may compete with a similar commodity produced outside the United States, and that all surplus agricultural commodities, regardless of the kind, will be made available for sale under the act without the imposition of conditions which would prevent or tend to interfere with their sale. Rather than in any way seeking to discourage or impede the sales of such surplus commodities, their sales should be emphasized if it appears that by such sale under this act a future market for dollars, in the regular course of international trade, may be established for such commodities.

Now, as I pointed out to you—this was, by the way, suggested by Senator Hayden and those who grow that type cotton in the West; and I was informed that little or no attention was paid to that recommendation, and they are now suggesting an amendment to the bill reading as follows:

SEC. —. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act in the same manner as upland cotton or any other surplus agricultural commodity is made available, and that no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with its sale or availability for sale under the Act.

If you are not prepared to make comments on what I have just read, you may do so later. And I would like to have a little memorandum from you as to the effect of the inclusion in the bill of the amendment that is proposed by Senator Hayden and the producers of long staple cotton.

Dr. PAARLBERG. Would you like to have a comment now, or would you like a comment to be supplied?

The CHAIRMAN. Well, if you are prepared, yes, we might as well get through with it.

Dr. PAARLBERG. Well, we did, in accordance with the provision written in the conference report, list long staple cotton as a surplus commodity to be considered for programing in the various countries, and it was so considered. As I have indicated, and as the gentlemen around this table have indicated, the Public Law 480 program is a program with several purposes. It has aspects of foreign aid; it has aspects of surplus disposal. These various purposes are not always in complete harmony with one another. The committees which endeavor to develop the programs do the best they can to take account of the sometimes reinforcing and sometimes conflicting aspects of the program. And that was done in this case and undoubtedly will be done with respect to future programs.

The CHAIRMAN. Well, was any long staple cotton sold?

Dr. PAARLBERG. The answer is "No." I would suggest, Senator—

The CHAIRMAN. Well, there will be testimony presented to this committee, probably the next time we meet to have hearings on the bill. I don't know what the testimony is going to be, but I understand that someone from the State Department or some other departments objected to the sale of long staple cotton. The reason being that it would interfere with the sale of cotton in the same area by—well, Sudan, for instance. In other words, we are taking Sudan's



market away by disposing of certain of these long staple cottons. But in any event, what I wish to say is that this testimony will be presented soon, and I would like to have some of you people here whenever it is presented, so that you can give your side of it.

Now, is there any objection to having such a provision as this put in the law?

Dr. PAARLBERG. Well, I don't believe, Senator, that the statement is necessary. It is clear to us that long staple cotton is in surplus——

The CHAIRMAN. Well, you have authority now to do it.

Dr. PAARLBERG. We have authority to do what——

The CHAIRMAN. Exactly what is now proposed.

Dr. PAARLBERG. That is my understanding.

The CHAIRMAN. If that is true, then, there would be no serious objection to putting it in the law.

Dr. PAARLBERG. Well, my answer is that, as it stands, it would not be a necessary thing. We have present authority to do this.

The CHAIRMAN. Yes, but you would have no serious objection to it, would you? If you are not ready to answer today, I want to know before we make up the bill.

Dr. PAARLBERG. I think, Senator, these questions could be addressed not only to us but to the representatives of other agencies of government that are concerned here.

The CHAIRMAN. There should be no others concerned than the Department of Agriculture. You are interfered with a lot by the State Department, so the story goes, and that is what I want to try to bring out if I can. You would be in a better position to make a case, probably, after the testimony comes in from the long staple cotton producers who will testify here soon.

Senator AIKEN. Dr. Paarlberg, may I ask one last question? If there were no Public Law 480 in effect, how much would dollar sales of American exporters increase?

Dr. PAARLBERG. I do not know, Senator. We are required by the law to see that our exports under this program are in addition to the normal takings of the commercial market, and we do our best to comply with that provision. I think it would be overly self-serving to say that we succeed 100 percent, but we do succeed to a very marked degree, we believe. I think if there were no Public Law 480, it is possible that commercial sales of farm products might be higher by some few dollars than they presently are. But we do feel that the great bulk of our movement is in addition to what would ordinarily be taken.

Senator AIKEN. Well, how much do Public Law 480 programs cut in on the general commercial exports of other producing countries?

Dr. PAARLBERG. Well, Senator, I don't think that it does. Now, I realize there is a difference of opinion on this, but inasmuch as the great bulk of our products are going into those areas that do not have American dollars or the dollars of other agricultural exporting countries with which to buy food, we feel that not only is this movement in addition to our own sales but in addition, as well, to the commercial sales of other countries.

Senator AIKEN. And I have one more question. What percentage of our exports of wheat is in the form of flour?

Dr. PAARLBERG. I cannot answer that, Senator. Maybe Mr. Garnett could say.

Mr. GARNETT. I say about 10 percent.

Dr. PAARLBERG. About 10 percent.

Senator AIKEN. The reason I asked that is that I happened to be in places where I felt we were definitely losing export markets for wheat because of the insistence that they take some of it in the form of flour. They did not want flour. It costs them  $2\frac{1}{2}$  times as much to get that wheat in the form of flour. The ocean freight rates are much higher; are they not? So instead of getting wheat or flour from the United States, they can go into Canada and get wheat.

Dr. PAARLBERG. One of the boys with me might have a comment on that.

Senator AIKEN. Somebody is awfully shortsighted. I am inclined to think it is the American milling interests. I do not see where they can gain, but I see where they can cause other people to lose.

The CHAIRMAN. Will you identify yourself for the record please?

STATEMENT OF RAYMOND A. IOANES, DEPUTY ADMINISTRATOR,  
FOREIGN AGRICULTURAL SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. IOANES. My name is Raymond Ioanes, Foreign Agricultural Service. As you know, a lot of countries are developing milling industries—

Senator AIKEN. On account of ocean freight rates.

Mr. IOANES. And as they develop, they move from a raw materials economy to a manufacturing economy; and this is part of the picture. So many flour-exporting countries, including ourselves, are having difficulty maintaining foreign markets, and it is difficult to get a country to take flour when they have their own mills.

Senator AIKEN. So they go to some other country to get their wheat?

Mr. IOANES. Not necessarily. It is a problem elsewhere also.

Senator YOUNG. I would like to ask 1 question for myself and then 3 questions for Senator Schoeppel. We have disposed of practically all of our surpluses of white and soft red winter wheat under this program; have we not?

Dr. PAARLBERG. We have pulled down our stocks of white wheat very sharply; yes, sir.

Senator YOUNG. And of Soft Red Winter wheat, too?

Dr. PAARLBERG. Yes.

Senator YOUNG. And most of our surpluses are now high-protein spring wheat and Hard Red Winter wheat. Why have you programed so much of this soft wheat and left so much of this hard wheat here? It is good quality wheat, but I think the spring wheat area produces the best wheat of any area.

Dr. PAARLBERG. I think the reason was the very heavy movement of wheat into southeast Asia, particularly India, a year ago in response to their needs; and this is the kind of wheat they have been accustomed to, to a great extent, and was handy to the Pacific coast. I think that more than anything else was responsible for the heavy out movement of that class.



Senator YOUNG. Well, these countries are buying quite a lot of top quality wheat from Canada. Why don't you program more of our wheat under this program?

Dr. PAARLBERG. Mr. Garnett tells me that we are now programing more of the hard wheats including spring wheat.

Senator YOUNG. I ran into this problem in India, where they grind wheat with stones. They are more accustomed to soft wheat and they do not know how to handle this hard wheat so well.

As Senator Schoeppel wasn't able to be here, he wanted me to ask 3 questions for him. He is attending a very important meeting of another committee. The first one is: We have been operating under title I of Public Law 480 for 3 fiscal years. This gives us a chance to review the results in some perspective. Have the countries with whom we negotiated Public Law 480 agreements tended to reduce their purchases for dollars below what we could have expected in the absence of the title I program? I think you have already answered that.

Dr. PAARLBERG. I did, I believe, in answer to Senator Aiken. I think not only have our total exports been at a higher level, but the commercial exports, apart from Public Law 480, have been, I think, at next to the all time record, which is indicative of the fact that our commercial sales as well as our sales under this program have increased.

Senator AIKEN. Commercial sales increased about \$500 million last year besides the increase in Public Law 480, as I figure it out.

Senator YOUNG. I think you made a very forthright statement in saying that to some small degree you cannot prevent some infringement on other exports but you think you held it to a minimum.

His second question is: Has the implementation of title I of Public Law 480 been helpful in opening up new markets for United States farm products? Can you give any illustrations?

Dr. PAARLBERG. I think the best illustration is poultry in Germany. There was almost no market for American poultry in Germany. We came in with a small program. We developed a taste and a liking for the American product, which is a good product. We then withdrew our program and commercial exports of poultry to Germany have continued to increase. We have also, I think, developed markets for oils in Spain, for example, and in Italy. So there are a number of such illustrations.

Senator YOUNG. I could cite another one—milk in Bangkok.

Dr. PAARLBERG. That is a good illustration.

The CHAIRMAN. You have a good program in Japan.

Senator YOUNG. The third question is: Is the interagency machinery used under the program interfering with the carrying out of the act to the benefit of United States agriculture?

Dr. PAARLBERG. We think the interagency machinery is good and obviously necessary because of the multipurpose aspects of the program which have come out so vividly around the table today. This means the various agencies that are concerned with movement of agricultural products, with foreign aid, economic development, with the Military Establishments, that these people must participate in programs that have a bearing on their operations. So, instead of being an impediment, this operation, I think, is an expediting operation.

Senator YOUNG. Thank you, sir.

The CHAIRMAN. Senator Thye.

Senator THYE. Dr. Paarlberg, to what extent are you able to make use of the existing businessman that had normally been operating in the export field, in your exports of any of these commodities under Public Law 480?

Dr. PAARLBERG. We think, Senator, to a very high degree. The whole program has been developed so as to use the existing channels of trade, use the know-how of people who have been in this business for years.

Senator THYE. Would you give us an example? For instance—we will go beyond wheat because that is in the International Wheat Agreement, and so forth—let's take lard, for instance. How do you make use of the experienced exporter in that field?

Dr. PAARLBERG. Mr. Garnett, I think, could explain that better than I.

Mr. GARNETT. The lard exports that have been made under Public Law 480 have been made through the regular commercial lard exporters.

Senator THYE. In other words, you have not interfered with private enterprise. You have drawn on the experience and the understanding and know-how of the private exporter to help you in channeling and disposing of these products.

Mr. GARNETT. That is correct.

Senator THYE. And that is true also of all other commodities? My reason for asking that question is that you must safeguard our businessmen. The Government is in this huge business under Public Law 480 which we are proposing to expand, and therefore we must make certain that we do not dry up the channels of private enterprise in the export field. If you were to retire from the activities under Public Law 480 we would have to rely on the continuing experience of the commercial exporter.

Mr. GARNETT. It is written in the law that all of these transactions should be made through private trade channels.

Senator THYE. Do those men come to you and say, "I have developed a market in country X, and we now want to draw from the Commodity Credit stocks to fill this order"?

Mr. GARNETT. I could hardly say, Senator, that it works just that way. The framework of the negotiations are worked out on a governmental basis, and the agreements then are consummated with private trade.

Senator THYE. Thank you.

That is all I have, Mr. Chairman.

The CHAIRMAN. Any further questions?

(No response.)

The CHAIRMAN. Thank you very much, Dr. Paarlberg.

Does Dr. Mann want to be heard?

Senator AIKEN. I would like to ask him a couple of questions.

Senator THYE. Mr. Chairman, I want to say that Dr. Paarlberg gave us a very informative statement and explanation of the transactions of Public Law 480. I wish to commend him because I have information here that I have not been able to obtain at a previous time.

Senator YOUNG. I want to join in that same comment.

Mr. MANN. I have no particular desire to read my statement, Mr. Chairman. I am here to serve the committee if it needs me.



The CHAIRMAN. Well, your statement will be put in the record at this point as though you had read it.

(The prepared statement of Mr. Mann is as follows:)

**STATEMENT OF HON. THOMAS C. MANN, ASSISTANT SECRETARY  
OF STATE FOR ECONOMIC AFFAIRS**

Mr. MANN. Mr. Chairman and members of the committee, the Department of State appreciates this opportunity to present its views on Public Law 480 with respect to its influence on our foreign relations.

The Department of Agriculture in its testimony has emphasized the importance of Public Law 480 as a means to reduce the size of our agricultural surplus and to develop new markets for United States farm products abroad. While we recognize that this is the primary purpose of the act, at the same time we are able to use it to good advantage in furthering our foreign policy objectives of strengthening the political and economic stability of the free world.

Although title I sales under the act account for the major movement of farm surpluses, activities under titles II and III are significant. Since the beginning of the program through June 30, 1957, a total of \$351,699,000 worth of food has been distributed under title II to needy people suffering from the results of floods, earthquakes, droughts, and other natural disasters. This title also is used to good advantage in assisting refugees and in supporting our political objectives in special cases where quick action is necessary in the best interests of the United States and other countries.

The voluntary agencies during the same period have carried on a very effective program under title III on a people-to-people basis. A total of \$753,402,000 worth of commodities have been distributed to alleviate hunger throughout the world through school-lunch programs and direct feeding. Although such statistics are impressive, it is not possible to place a price tag in terms of dollar value on the goodwill generated by programs which demonstrate that the American people are ready to lend a helping hand when and where it is needed.

The Department of State is responsible for negotiating Public Law 480, title I, sales and loan agreements with foreign governments. We must insure that the resulting programs are effectively coordinated with other United States activities abroad, that they are in accord with our overall foreign policy objectives, and that surplus sales do not interfere with the normal marketings of the United States and other friendly exporting countries. The bulk of our sales under this title have been to countries with foreign exchange difficulties. In such cases, Public Law 480 provides much-needed commodities and, at the same time, enables the recipient countries to utilize their scarce foreign exchange to purchase capital goods required for their economic development.

Foreign currencies resulting from title I sales are used for various purposes. First priority uses are those for which United States agencies purchase foreign currencies with dollars. The amounts set aside for these reimbursable uses depend on United States requirements and the financial condition of the recipient countries. In addition, there are other nonreimbursable United States uses which are important from the standpoint of our foreign relations. Among the

most significant are those which provide for international educational exchange and assistance to American-sponsored schools and binational centers. Although these currency uses do not provide for direct dollar return to the United States, they undoubtedly will pay big dividends in the long run by promoting education and a better understanding of our unselfish motives in helping to provide a better way of life to people of the less-developed countries.

The most important currency use so far as participating governments are concerned is for loans under subsection 104 (g) of the act. This provides that a substantial portion of the sales proceeds may be loaned back to the recipient country to finance economic development projects. Typical projects are electric-power development, extension and rehabilitation of railroads, highway improvement and maintenance, farm-to-market roads, expansion of iron and steel production, cold-storage plants, grain-storage facilities, improvement of port facilities, irrigation and drainage, and agricultural training centers. Agricultural activities are confined to those which are related to crops complementary to United States farm production.

A major problem in connection with economic development is the large backlog of foreign currencies which have not been put to use. Steps are now being taken to remedy this situation and present policy calls for simultaneous negotiation of the sales and loan agreements. This should help materially in a wider utilization of local currencies.

Foreign currency loans are being made to private enterprise, both United States and foreign, through the Export-Import Bank, under the terms of the Cooley amendment which became effective in fiscal year 1958. We have made a strong effort to comply with congressional intent expressed in the conference report, which states that, unless there are overriding compelling reasons, it is expected that not to exceed 25 percent of the title I sales proceeds will be set aside for such loans under subsection 104 (c) of the act. In several instances applicability of the Cooley amendment was waived, either because it did not fit local circumstances, i. e., Poland and Yugoslavia; or where the agreement provides for 100 percent dollar return to the United States, i. e., United Kingdom; or where the commodity sale could not have been made because the other government objected strongly to providing for private investment loans, i. e., Spain. In the latter case, however, the 25 percent proposed for Cooley amendment loans was transferred to United States uses under subsection 104 (f) of the act. In several other cases the amount was reduced to 15 percent because of overriding political reasons.

In conclusion, the Department of State believes that as long as we are faced with the problem of accumulated agricultural surpluses, Public Law 480 is a good way to make them serve useful purposes.

Senator AIKEN. I just want to ask a couple of questions for the record.

Mr. MANN. Yes, sir.

Senator AIKEN. You answered pretty well in your statement as to how the use of Public Law 480 is improving our foreign relations. I think you made it plain in your statement that you consider it is improving our foreign relations.

Mr. MANN. Yes, sir, very much so.



Senator AIKEN. And the other question, which has not been brought up: Does the agricultural production of the United States represent almost the biggest advantage we have over the Soviet Union today?

Mr. MANN. It is one of the great advantages we have, yes, Senator.

Senator AIKEN. I cannot think of any greater provable advantage. I think we overlook that in this competitive world where we are competing for mind and business as well as military supremacy, that American agricultural production represents almost the biggest advantage we have—probably the biggest advantage.

Mr. MANN. Mr. Chairman, I will be able to answer your questions about Sudan, if you wish me to.

The CHAIRMAN. Well, this program, of course, is more or less a supplement to our past foreign aid programs, is it not?

Mr. MANN. In a number of cases it is supplementary to our aid programs, yes.

The CHAIRMAN. And I presume that if you did not have Public Law 480 on the statute books, you would be asking for more cash?

Mr. MANN. I think that might be necessary in certain cases.

The CHAIRMAN. Thank you, Mr. Mann.

Senator AIKEN. I have read Mr. Mann's statement and it is a very good statement.

The CHAIRMAN. All right, I understand a representative from the Farm Bureau is present and desires merely to have his statement put in the record at this point.

Mr. DIETZ. Sir, I would like to enter our statement in the official record, if I may; and I would like to make a few remarks, very short, very brief. I believe this is what you requested.

The CHAIRMAN. Proceed.

#### STATEMENT OF GEORGE J. DIETZ, DIRECTOR, INTERNATIONAL AFFAIRS, AMERICAN FARM BUREAU FEDERATION

Mr. DIETZ. We have heard this morning a whole lot about 480's economic aid aspects. Farm Bureau is interested in keeping international trade at a high level, and I think we should not forget that this is the Agricultural Trade Development Act. We are in favor of extending the law for 2 years. We are slightly under the administration's position; we believe we should have \$1,250 million for the first year and \$750 million for the second year.

I have a chart which we have worked out over here, Senator, which I think you would be interested in seeing, if I may just show this to the committee. I think you will be interested in seeing it. This is an analysis of total farm exports and the percentages that have moved out during fiscal year 1957 under the 480 agreement, the mutual security program and a very small amount under Export-Import Bank loans. There is no reason why we happened to place rice first, but you can see, and I think you will agree, that international trade, to be sound in the future and if we are to build sound future markets for our farm commodities, has to be for dollars. We have to work for this. Seventy-one percent of our rice export was shipped out, either under 480, mutual security or Export-Import Bank loans. In wheat it was 68 percent. In feed grains it is 63 percent; cotton is 37 percent.

The CHAIRMAN. Livestock-dairy.

Mr. DIETZ. 34 percent.

The CHAIRMAN. Vegetable oil seed.

Mr. DIETZ. Thirty percent. Tobacco was 9 percent. Fruits and vegetables were 7 percent.

Now, it is important that we should consider and understand what large quantities move under Government programs.

Senator AIKEN. Well, I think, Mr. Dietz, we want to take into consideration that rice went largely to southern Asiatic countries for relief purposes; and we would have bought it, if we hadn't had Public Law 480, and shipped it to them.

Mr. DIETZ. I would also like to add here that we are in opposition to the 55 shipping restriction. We feel we have lost markets because of this requirement.

The CHAIRMAN. Well, do you cover that in your statement?

Mr. DIETZ. We do. Another thing I want to add very briefly is we think there should be no world food reserve of any sort. We believe this matter has to be flagged and observed by Congress. That is all I have, sir.

The CHAIRMAN. Thank you.

(The prepared statement of Mr. Dietz is as follows:)

The American Farm Bureau Federation appreciates the opportunity to present to this committee its recommendations regarding Public Law 480, the Agricultural Trade Development Act.

The 1954 policies of the AFBF stated:

"Surplus farm products that cannot be sold abroad for dollars should be offered for sale and export through private channels, under limitations determined by the Secretary of Agriculture, in exchange for local currencies."

Based on this policy Farm Bureau vigorously supported the Agricultural Trade Development and Assistance Act. This act was passed by Congress and signed by the President in July 1954. It was designed as a 3-year program and \$700 million was authorized for sales for foreign currency.

The three main objectives of the Public Law 480 program were: (1) to reduce surpluses by making possible sales of farm products in addition to the normal dollar sales; (2) to establish private trade channels for sales of farm products which could be continued with dollar sales after the termination of the program; and (3) to use part of the currency received from such sales to develop new markets or expand old markets for farm products. In our opinion these objectives are still sound. There is no reason to alter them.

In 1955 and 1956 Farm Bureau supported legislation which increased the original \$700 million of foreign currency sales to \$3 billion. In 1957 Farm Bureau recommended to Congress a further extension for 2 years and an increased authorization of \$1 billion for fiscal year 1958.

Farm Bureau 1958 policies state:

"We recommend: Extension of Public Law 480. Farm Bureau takes pride in its leadership in developing the Agricultural Trade Development Act. This law has been successful in moving substantial quantities of surplus farm products into foreign markets. We recommend that this law be extended and adequate funds provided. We believe, however, that this program should be terminated as soon as our agricultural surplus situation will permit. Public Law 480 was designed as a temporary program to help relieve problems caused by unrealistic domestic farm programs. It is not a permanent solution nor a satisfactory substitute for trade for dollars.

"Sales for foreign currency must not replace sales for dollars. Public Law 480 sales efforts should be directed toward those countries which lack sufficient dollar exchange to purchase our farm products."

Based on the above policy, the American Farm Bureau Federation Board of Directors at its January meeting, decided as follows: "We recommend extension of Public Law 480 for 2 years, and that the following funds be provided: \$1,250 million for the first year; \$750 million for the second year."



The original law establishing Public Law 480 prescribed a temporary program with a 3-year limitation. While it has been necessary to extend the law beyond this period, Farm Bureau has emphasized that it is imperative to recognize that Public Law 480 is a temporary program. Congressional committee reports on these extensions also have emphasized this point.

Agricultural exports in fiscal year 1956-57 amounted to \$4.7 billion. About 42 percent of our exports moved under direct Government programs such as sales for foreign currency, gifts and barter (title I of Public Law 480 accounted for 19 percent). Sales for dollars increased by \$648 million with cotton sales under the cotton export subsidy program accounting for 75 percent of the increase. Dollar export sales of wheat were also subsidized. (See attachments.) If we included the exports made possible by subsidizing the sales price, it is estimated that about 70 percent of our exports were the result of some form of Government assistance. These data are alarming. We feel that it would be extremely unhealthy for American agriculture, if these conditions continue over a protracted period of time.

#### SHOULD PUBLIC LAW 480 BECOME PERMANENT?

Farm Bureau thinks that it should not. A program of sales for foreign currency can benefit American agriculture only a limited length of time before markets start orienting to this way of doing business. The trade becomes accustomed, as it were, to such sales. In short, customer nations start to consider unconsciously or consciously, the Public Law 480 operations as a normal part of commercial trade. There are indications that just this already has happened in some instances. We view with serious concern evidence that some countries are adjusting their dollar exchange so that very little of it is used for the purchase of American farm products. They are taking for granted that they will be able to purchase a substantial portion of their food and fiber needs from the United States with local currency. This places United States farm products in a very vulnerable position and jeopardizes future dollar markets.

There are further indications that some countries are requesting Public Law 480 agreements before attempting to purchase American farm products through other means. Sales for foreign currency should be utilized to increase total agricultural trade, not to replace trade through regular channels. Programs are available which provide favorable terms of credit for the purchase of United States food and fiber. Foreign customers should be encouraged to fully explore Commodity Credit Corporation credit sales and Export-Import loans before being offered the Public Law 480 program.

United States representatives at all levels should make this crystal clear to all foreign customers. Public Law 480 agreements should be recommended only where there is strong evidence that sales can be made in no other manner or that total food and fiber consumption will be increased. These factors make it imperative that in extending Public Law 480, Congress should indicate that Public Law 480 is a temporary measure and that a more permanent basis for trade should be developed. Foreign countries should not come to depend on "easy sales" through this program.

#### CONCERN ABOUT AMERICAN AGRICULTURE BECOMING TOO DEPENDENT ON PUBLIC LAW 480

There is some evidence that American agriculture is becoming too dependent on Public Law 480 type programs.

We have been very successful in moving substantial portions of our surpluses into export markets, but at the same time we have not been successful in removing the Government incentives for surplus production. As a consequence, United States farmers have continued to produce in excess of effective market demand.

When Public Law 480 was passed on July 10, 1954, CCC had titles or held loans on \$6 billion worth of agricultural surpluses. Three years later, at the close of fiscal year 1957, agricultural surpluses amounted to \$7.3 billion. In short, we have had to run very fast in our export program to stand still (and perhaps lose a little ground) in our surplus situation.

Objections from competitor nations whose friendship and cooperation is necessary to the United States have not been infrequent. Some of these nations are very good customers of American farmers. However, for the most part, they

have recognized that our serious surplus situation required programs to move substantial portions of United States production into the export markets. These competitor nations have been willing to accept such programs as a temporary means of alleviating our surplus problem. We can expect hostile reactions from them should we not show our firm intention of preventing sales for foreign currency from becoming a permanent means of exporting American farm products. We repeat, we do not believe they will accept a permanent Public Law 480 operation without serious retaliation.

#### BARTER

Farm Bureau also wishes to take this opportunity to renew its support for the principle of the barter program. Farm Bureau policies state:

"Our essential raw materials stockpiling program should be continued with proper safeguards. Surplus farm products should be traded under Public Law 480 and otherwise, for essential materials that may be stored indefinitely without deterioration. Security stockpiles should be isolated from normal domestic requirements and used only in case of national emergency."

We feel that it is possible to conduct an effective barter program without displacing dollar sales.

#### DANGERS OF THE WORLD FOOD BANK

The American Farm Bureau Federation is opposed to any world food-bank scheme. The dangers are real: (1) The United Nations is a political body. It is, therefore, necessarily subjected to political intrigues. The Soviet bloc is a bloc is a vigorous and powerful force in this organization. We should not allow American farm surpluses to fall under the control of the United Nations or any similar world body; (2) a world food bank would tend to regulate and unavoidably control world prices and markets; (3) it would have a disruptive effect on international commerce.

#### MUTUALLY ADVANTAGEOUS TRADE

The true objectives of the American farmer should be expanded dollar markets. Farm Bureau supports a 5-year extension of the reciprocal trade agreements program.

Farm Bureau considers the Reciprocal Trade Act more fundamental to the development and maintenance of foreign markets than such temporary programs as sales for foreign currencies under title I of Public Law 480. It also is preferable to a permanent policy of large appropriations for so-called economic aid, paid for by the taxpayers.

Unless we permit our foreign customers the right of selling their products in the United States and earning dollar exchange, the goal of expanded dollar markets for American farm products will be impossible to attain.



[Attachment I]

*Agricultural exports fiscal year 1957 (estimated)*

[Millions of dollars]

Commodity	Total exports	Exports under Government programs <sup>1</sup>	Outside of programs	Percentage under Government programs
Wheat.....	958	655	303	68
Feed grains.....	361	227	134	63
Rice.....	190	134	56	71
Rye.....	91	9	82	10
Cotton.....	1,115	525	590	47
Livestock products (dairy).....	700	240	460	34
Vegetable oil and oilseeds.....	455	135	320	30
Fruits and vegetables.....	363	25	338	7
Tobacco.....	340	30	310	9
Other.....	151	20	131	13
<b>Total.....</b>	<b>4,724</b>	<b>2,000</b>	<b>2,724</b>	<b>42</b>

<sup>1</sup> Programs: Public Law 480, all titles, mutual security 402, Export-Import Bank loans (only \$70,000,000).

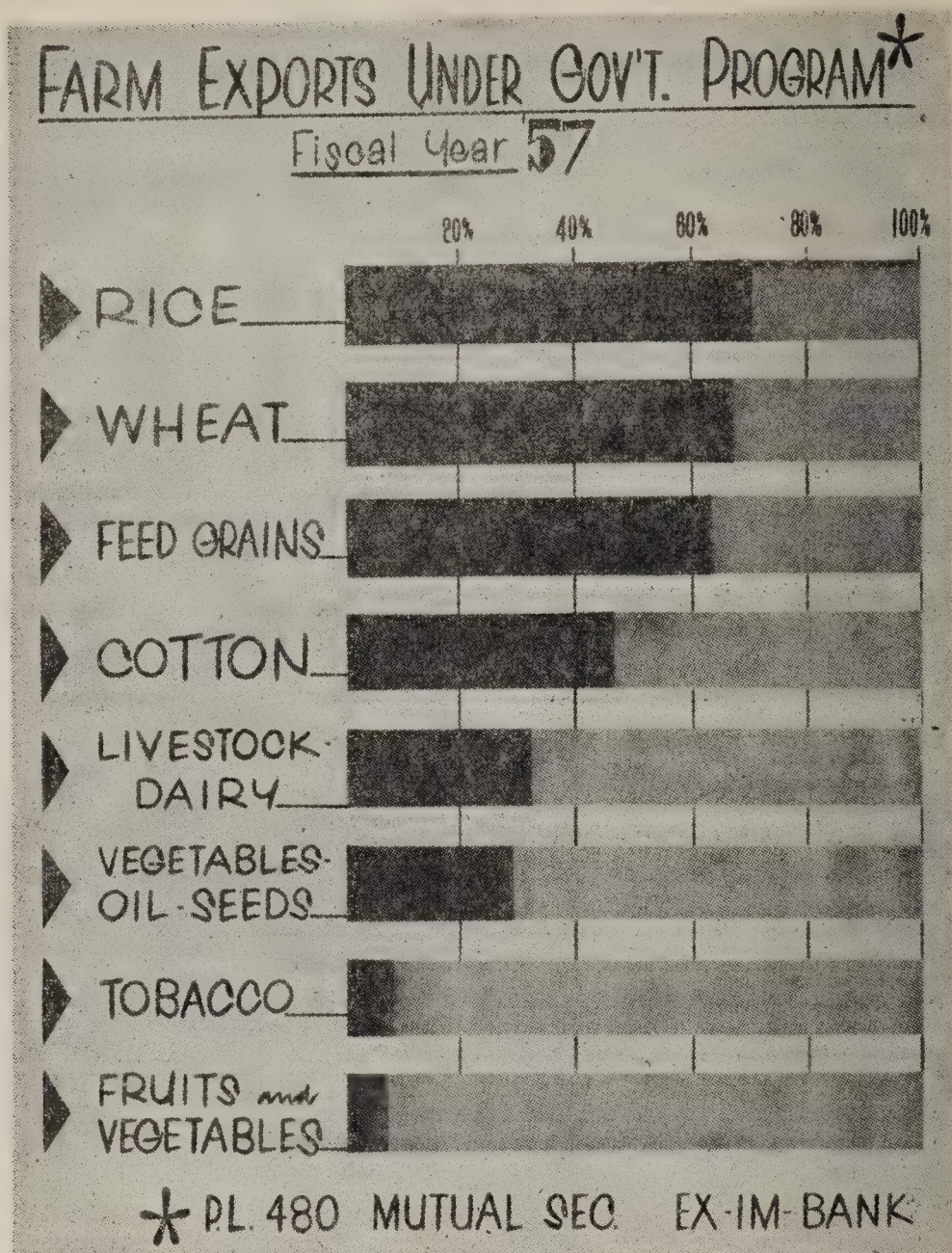
Source: USDA.

[Attachment II]

*Title I, Public Law 480, the Agriculture Trade Development Act—Commodity composition of all agreements signed through June 30, 1957*

Commodity	Unit	Approximate quantity	CCC cost
		<i>Thousands</i>	<i>Millions</i>
Wheat and wheat flour.....	Bushels.....	453,951.0	\$1,307.5
Feed grains.....	do.....	175,048.0	150.0
Rice.....	Hundredweight.....	22,733.0	260.3
Cotton.....	Bale.....	2,665.7	566.6
Cotton linters.....	do.....	16.7	.3
Meat products.....	Pounds.....	156,125.0	40.9
Tobacco.....	do.....	160,426.0	110.4
Dairy products.....	do.....	116,438.0	40.2
Fats and oils.....	do.....	1,774,617.0	286.7
Poultry.....	do.....	3,000.0	1.2
Dry edible beans.....	Hundredweight.....	44.0	.4
Fruits and vegetables.....	Pounds.....	123,932.0	5.5
Seeds.....	Hundredweight.....	55.0	2.5
Total, commodities.....			2,772.5
Ocean transportation.....			224.9
<b>Total.....</b>			<b>2,997.4</b>

<sup>1</sup> Corn, 29,941; oats, 5,474; barley, 32,025; grain sorghums, 5,795; feed wheat, 1,813.



The CHAIRMAN. Mr. Johnson?

Mr. JOHNSON. Yes, Senator.

The CHAIRMAN. You have a statement?

Mr. JOHNSON. I have a very brief statement which I would like to present for the record.

The CHAIRMAN. All right, proceed.

## STATEMENT OF REUBEN L. JOHNSON, JR., COORDINATOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. I am Reuben Johnson, coordinator of legislative services, National Farmers Union. It is my privilege to present recom-



recommendations of Farmers Union for the broadening and extension of the Agricultural Trade Development and Assistance Act.

The opportunity to present our views at some length was given us last year at the hearing on Public Law 480, chaired by Senator Humphrey. We propose today, therefore, to limit our statement to a concise review of our recommendations. We invite your earnest consideration of the following suggestions.

First: We favor amending title I, section 103 (b) to provide for a 5-year extension of the law with an annual authorization of \$2 billion.

Second: We believe there is justification for greatly increasing activity under title II, sections 203 and 204. We favor a 5-year extension of this title with a goal of using \$1 billion annually in its implementation.

We should like to see greater use of voluntary private overseas relief organizations in the administration of title II. Such organizations as CARE and the many religious organizations should be utilized to the fullest possible extent in the implementation of the famine and relief provision of title II.

Third: Section 201 should be clarified to make certain that elimination of chronic poverty in friendly nations is an approved purpose of the donations of abundant United States farm products.

Fourth: We urge that a new subsection be added to section 104, as follows:

Establishment of universal free systems of general and vocational education in friendly nations without such systems.

It is almost impossible to conceive of economic growth and expansion and development of markets where 90 percent of the people cannot read or write and where even children are needed at home for the work required for their sustenance and clothing. The emerging nations cannot get off of economic dead center unless something is done from the outside to cut through the cycle of poverty. In many instances this assistance can be given in the form of long-term loans of food for which payment is made in local currencies. Some grants should be possible, however, if repayment of the full amount of loans would preclude desired economic growth of the nation receiving such aid.

Fifth: In the conduct of our foreign policy economic development, dollar loans are authorized under the Mutual Security Act. Farmers Union has supported such economic assistance. In this connection, we should like to urge that where feasible our abundant food be used to aid in financing capital investment projects of basic economic nature such as dams, roads, et cetera. Our abundant wheat will go a long way toward aiding countries such as India in providing work opportunity on projects which, when complete, will contribute to the upgrading of standards of living generally.

We know that these are problems to be solved to make possible such use of United States food and fiber and that many of the technicalities cannot be solved through enactment of legislation. We believe, however, that the interest of all the citizens of the United States would be served if means can be found to utilize our great storehouse of food in the emerging areas of the world.

Sixth: Local currencies in the hands of the United States will tend to build up in the years ahead as loans are repaid and as we continue

to sell our farm commodities abroad under Public Law 480. We hope that we can make prudent uses of such currencies as we have this far in the economic development loans that have been made to about 35 countries. We urge in this connection that attention be given by your committee to greater use of local currencies in financing purposeful and educational travel of farm groups and others to friendly nations and in bringing farmers and others in the nations receiving our food to visit the United States.

Seventh: Provision for barter should be retained with appropriate action by the committee to direct the Secretary of Agriculture to continue the full-scale operation of section 303.

In this connection, Mr. Chairman, we agree with you that iron ore in the backyard of the United States is desirable where it is possible to swap wheat and other commodities for it.

Eighth: Food is now contributing greatly to the attainment of the objectives of our foreign policy. That is as it should be. It is clear also that food can be used to an even greater extent than at present. We hope that you will give full consideration to prudently using greater quantities of United States agricultural commodities as you act upon legislation to extend Public Law 480.

Since it is becoming increasingly evident that Public Law 480 operations are complimentary to our overall foreign policy objectives, we hope that you will continue to keep the record straight as to the share of the cost which rightly should be charged to all the citizens of the United States.

Ninth: It follows logically, Mr. Chairman, that—as already provided in section 102—steps be taken to finance out of funds appropriated the sale and exportation of surplus agricultural commodities whether from private stocks or from the stocks of the Commodity Credit Corporation.

Sections 201 and 202 should be amended to provide that commodities from private stocks be used in accordance with provisions of these sections.

We want to associate ourselves with the statements made earlier by Senators Humphrey and Symington concerning the importance of Public Law 480 and we should like also, Mr. Chairman, to express support for the bill Senator Humphrey introduced yesterday. I have reviewed its provisions while waiting to testify and find it fully consistent with the views of Farmers Union.

Senator Humphrey's bill is S. 3223.

We appreciate your courtesy and the opportunity given for the presentation of our views on Public Law 480.

The CHAIRMAN. Thank you, Mr. Johnson.

Any questions?

Senator AIKEN. No questions.

The CHAIRMAN. All right, the last witness is Mr. Norton.

#### STATEMENT OF N. J. POST, DIRECTOR, DIVISION OF SPECIAL SERVICES, NATIONAL MILK PRODUCERS FEDERATION

Mr. Post. Mr. Chairman, I am N. J. Post, and I would like to present Mr. Norton's statement.

The CHAIRMAN. What is your full name, sir?



Mr. Post. N. J. Post, director, division of special services, National Milk Producers Federation.

Let me add, Mr. Chairman, Senator Aiken, that Mr. Norton had hoped and planned to be with you this morning but his testimony before the House subcommittee was put over until today and he could not be here.

The CHAIRMAN. All right, proceed.

**STATEMENT OF E. M. NORTON, SECRETARY, NATIONAL MILK PRODUCERS FEDERATION (PRESENTED BY MR. POST)**

Mr. Post (for Mr. Norton). We thank you for this opportunity to present the policies of the National Milk Producers Federation before this committee on the continuation of the Agricultural Trade Development and Assistance Act, Public Law 480.

Our membership is made up of some 800 dairy farmer owned and controlled dairy cooperatives with a producer membership in excess of 500,000 dairy-farm families.

We have supported the objectives of Public Law 480 before and since its enactment on July 10, 1954. The effectiveness of this legislation in providing outlets for the beneficial utilization of our dairy production has been and continues to be dramatically demonstrated through program operations under titles I, II, and III of the act.

In recognition of the committee's wishes that testimony at this time be brief, we are summarizing the points we respectfully direct to the committee's attention:

First: Efforts on the part of United States Department of Agriculture to include dairy products in larger volume in the commodity makeup of agreements under title I should continue. If advice and counsel of the dairy industry would be helpful when these agreements are being negotiated, we would be pleased to make such advice or counsel available to the Department.

Second: The reports on distribution programs carried on in foreign countries by the voluntary relief agencies under title III are forceful evidence of the contribution these programs are making toward improving the nutritional level of undernourished peoples in friendly foreign countries. We suggest that these programs have significant foreign-aid implications and, therefore, consideration should be given to transferring an appropriate part of these costs to the foreign-aid program.

Third: While the Commodity Credit Corporation is reimbursed under titles I and II, we suggest that, as in the case of title III, these costs should be more properly charged to foreign aid.

Fourth: We support Senator Humphrey's proposal to use foreign currencies accumulated under title I for research projects to develop additional uses for United States agricultural commodities in the various countries.

Fifth: As a tool toward the effective management of excess agricultural production, we believe that annual programing for the various distribution activities such as foreign relief would minimize and could remove the depressing effect which Government stocks of dairy products have on producer prices.

Sixth: The amendment to title I enacted last year which provided that up to 25 percent of the foreign currencies generated under each

title I agreement would be available for loans is further evidence of the farsightedness of the Congress. We suggest that the effectiveness of this provision could be increased if the provision is made applicable to the foreign currencies heretofore accrued rather than to the foreign currencies to be accrued under agreements negotiated since last August.

Seventh: The proposals to extend Public Law 480 for 2 years and increase funds available for the remainder of this fiscal year are supported by our organizations. The enactment of these proposals would bring stability to program planning and give us assurance that adequate funds are available to continue the program on an accelerated basis.

We thank the committee for the attention given our support of Public Law 480.

The CHAIRMAN. Thank you.

Are there any questions?

Senator AIKEN. Yes; I have one. I notice you support the proposal to use foreign currencies accumulated under title I for research projects to develop additional uses for United States agricultural commodities in the various countries. Isn't that being done by the Department of Agriculture?

Mr. POST. Not as research. It is being used for market development and several other uses, but not for research.

Senator AIKEN. Didn't they plan to use some \$5 million particularly with reference to soybeans?

Mr. POST. There is none, to our knowledge.

Senator AIKEN. Well. I suggested soybeans as an example. I think they have already planned to use \$4½ million or more for that purpose.

Mr. POST. Well, such a proposal would certainly tie in with our present interests.

Senator AIKEN. I am not sure whether it should show up under the Senate appropriations bill.

The CHAIRMAN. Is there anybody else? Does anybody else have anything to say. If not, the committee will stand in recess until further order of the chairman.

(Whereupon, at 12:50 a. m., the committee recessed, subject to the call of the chairman.)

(Additional statements filed for the record are as follows:)

WASHINGTON, D. C., February 3, 1958.

HON. ALLEN J. ELLENDER,

*Chairman, Committee on Agriculture and Forestry,  
Senate Office Building, Washington, D. C.*

DEAR MR. CHAIRMAN: It is our observation that activities under the Agricultural Trade and Development Act have exerted a constructive multiple leverage on our foreign economic policy. We support the principles and purposes of the act until it can be demonstrated that it no longer contributes constructively to our domestic and foreign economic policy, and urge its extension by appropriate authority and with appropriate funds for its activities from time to time as results may warrant. It is obvious that private traders cannot command the dollar exchange in trade with foreign governments necessary to move our agricultural products in world commerce. Dollar exchange has been freed for capital goods and industrial purchases by the creation of this additional exchange for trade in agricultural products.

The act has:

1. Promoted economic development in underdeveloped countries to increase payrolls and purchasing power, diversification, and economic balance.



2. Converted abundant agricultural resources into an American asset in international economic and political relations.
3. Conserved dollar exchange, both here and abroad, for industrial purchases and other uses.
4. Accustomed the people of contracting countries to a higher standard of living, and, if this is continued, will develop a permanent effective demand for more food and fiber products, hence contribute to market development.
5. Promoted convertibility of foreign currencies on a constructive basis.
6. Contributed to stockpiles of strategic materials.
7. Contributed materially to relief activities of private organizations which devote voluntary efforts to decentralized distribution of foodstuffs.
8. Spurred private export of farm products.
9. Leveled off and reduced the accumulation of public and private surplus farm products in this country.

Objections to this program have come from a few countries which export a very large proportion of their agricultural production, in some cases 90 percent of the total production, and whose agricultural products are a dominant part of their total exports. In contrast, 90 percent of our agricultural production is consumed at home, and agricultural exports constitute about 25 percent of our total exports. The answer to their problem is more balanced economic development and industrial diversification at home, to increase the domestic demand and consumption of their own agricultural products. As a matter of fact, several countries, formerly heavy suppliers of competitive agricultural products, have become importers of American farm products since embarking on economic diversification under our economic-aid program.

The overall approach to the worldwide agricultural problem is to even out production and distribution, which are too thin in some areas and too thick in other areas, through more diversified economic development and the trade resulting therefrom.

We believe the multiple values of operation under this act can be measurably increased by provision for disposal of accumulated currencies, through sale and loan, to industrial and trading concerns operating in the area of the currency origin.

We believe that the maximum amount of foreign currency acquired from sales under this act, after providing for United States Government expenditures, including market-development projects, in the country of origin, and for loans to the local government for internal public-improvement projects, should be made available under the Export-Import Bank through established banking channels, for loans and sales to American private enterprise, and then to foreign private enterprise for industrial and commercial development. This would constitute primary economic development, the basis for all lasting market development in both foreign and domestic trade.

Sincerely yours,

JOUN J. RIGGLE,  
*Secretary, National Council of Farmer Cooperatives.*

NEW YORK, N. Y., February 10, 1958.

HON. ALLEN J. ELLENDER,  
*Chairman, Senate Committee on Agriculture and Forestry,  
Senate Office Building, Washington, D. C.*

DEAR SENATOR: Having been a participant in the barter program under title 3 of Public Law 480, we hereby wish to respectfully submit the following observations.

Prior to the requirement of "proof of additionality" the barter program was one of the best methods of lending foreign aid through the honored concept of self-help by trade. The acquisition of materials as produced abroad, in effect, resulted in an increase in supply of dollars to those parts of the world which have suffered a dollar shortage over an extended period of time. The dollars so created put purchasing power into hands of friendly foreign countries which could use such purchasing power not only to buy agricultural products from the United States, but from our allies as well; such purchasing power, however, being not limited to agricultural products, but would permit purchases of other products as well. In other words, the purchasing power of the world, in terms of dollars, was accordingly increased; disposition of surplus agricultural products on the overall being thereby also stimulated.

The acquisition of nonperishable foreign materials of sound intrinsic values with relatively low storage and handling costs permitted the disposal of perishable agricultural products of deteriorating quality and values with prohibitive storage and handling costs.

We respectfully submit that title 3 of Public Law 480 should be revitalized in the interest of the United States, by direction of the Congress, particularly excluding the so-called proof of additionality; for which detailed requirements have never been established.

Respectfully submitted.

MERCANTILE METAL & ORE CORP.,  
H. KOSTER, *Vice President.*

WASHINGTON, D. C., *February 4, 1958.*

HON. ALLEN J. ELLENDER,  
*Chairman, Senate Committee on Agriculture and Forestry,  
Senate Office Building, Washington, D. C.*

DEAR SENATOR ELLENDER: The national chamber recommends extension of Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, as recommended by the President, but believes that such extension should be paired with other steps, also proposed by the President, to provide more realistic price supports on farm commodities.

The need to clean up the surplus situation remains, but continued governmental programs to subsidize or underwrite exports can only entrench state trading and destroy normal markets. Continued piling up of commodities from excessive production creates pressure to make such disposal programs permanent, with undesirable consequences.

This program is justified only so far as, and as long as, it makes a lasting contribution to cleaning up the domestic excessive stock situation. The program cannot, we believe, make such a contribution, nor will the situation be materially improved if we continue to add to the stocks which Government must dispose of in order to take their pressure off the price level for farm products.

This program is antagonizing friendly nations because they regard it as governmentally subsidized and unfair competition with their exports.

I would appreciate it if you would make this letter a part of the record of your current hearings.

Cordially yours,

CLARENCE R. MILES,  
*Manager, Legislative Department, Chamber of Commerce of the  
United States.*

PENDLETON, OREG., *February 11, 1958.*

Senator ALLEN J. ELLENDER, Sr.,  
*Chairman, Senate Agricultural Committee,  
Washington, D. C.:*

National Association Wheat Growers recognizes disposal surplus agricultural commodities and market development opportunities provided by Public Law 480 are necessary and important part of agricultural program. Especially during periods when many agriculture commodities exceed domestic requirements.

We, therefore, recommend Public Law 480 be continued, and urge it be adopted as permanent part of agricultural program. We favor continuation and expansion market development activities for United States surplus commodities under Public Law 480.

FLOYD ROOT,  
*President, National Association of Wheat Growers.*

PENDLETON, OREG., *February 11, 1958.*

Senator ALLEN J. ELLENDER, Sr.,  
*Chairman, Senate Agricultural Committee,  
Washington, D. C.:*

Oregon Wheat Growers League strongly urges support of position of National Association of Wheat Growers regarding continuation Public Law 480.

JACK L. SMITH,  
*President, Oregon Wheat Growers League.*



## PUBLIC LAW 480 EXTENSION

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TUESDAY, FEBRUARY 11, 1958

UNITED STATES SENATE,  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
*Washington, D. C.*

The committee met, pursuant to call, at 10:15 a. m., in room 324, Senate Office Building, Senator Allen J. Ellender, chairman, presiding.

Present: Senators Ellender (chairman), Humphrey, Talmadge, and Young.

Also present: Senator Hayden.

The CHAIRMAN. The committee will come to order. On the 5th of February, when we had our last hearings on Public Law 480, I stated off the record that there may be a few other witnesses to be heard. And in making that statement, I had in mind a request made by the distinguished senior Senator from Arizona, Senator Hayden. He informed me last Saturday morning that the witnesses he had in mind would be ready to testify today. So that is the purpose of calling this meeting.

Now, Senator Hayden, the floor is yours.

Senator HAYDEN. I have two Arizona cotton growers here, Mr. Chairman. One is Mr. J. Clyde Wilson, president, Supima Association. I have asked him to speak first, and then Mr. Cecil Collettere will make a statement, if it is agreeable to the committee.

The CHAIRMAN. All right, Mr. Wilson. Have a seat, sir.

### STATEMENT OF J. CLYDE WILSON, PRESIDENT, SUPIMA ASSOCIATION OF AMERICA, BUCKEYE, ARIZ.

Mr. WILSON. Mr. Chairman, as the Senator told you, I am J. Clyde Wilson, Buckeye, Ariz. I am president of the Supima Association of America.

I want to thank you and our senior Senator for this opportunity.

The CHAIRMAN. Well, you thank Senator Hayden.

Mr. WILSON. Well, I am thanking both of you, and the other Senators of your committee. We have many problems in Supima, and while I think you were informed that I would testify this morning, I merely want to introduce a colleague of mine, because of the fact that there is another committee hearing which I am supposed to be at, and I didn't know whether I could be two places at once. So. Mr. Cecil Collettere, who is a member of our association, a former member of the board and producer of Supima cotton, and who is most thoroughly versed in it, will make our statement to the committee.

Senator HAYDEN. Tell them what "Supima" is.

Mr. WILSON. Well, I would be happy to, if they have the time.

I will tell you what the Supima Association is. Supima cotton is what we call, and we believe it is substantiated by our mills, to be the world's finest extra long staple cotton. The history of the Supima Association and—the history of long staple in the United States has been a history of rise and fall, up and down, no consistency and no stability, nothing.

About 4 years ago, the growers of extra long-staple cotton in New Mexico, Arizona, and west Texas made up their minds that they would either produce a cotton which could be consumed and not be solely subject to commodity credit reception, or else we would get out of the cotton business. So we organized the Supima Association of America, which had for its principles three basic things: (1) a superior cotton; (2) a competitive price; (3) an aggressive promotion campaign.

Last year, to give you the success or to tell you the success of our support from our growers, we had a 99 percent participation in our program, and that participation consisted of \$3 per bale contribution by 99 percent of every bale of extra long-staple cotton that was grown in the Southwest. I challenge any commodity interest in the United States during its history to be equal to it.

We have, since the organization, established our main office in El Paso, Tex., and our promotion office in New York City. At the time of our organization, we were not able to find one single piece of cloth manufactured out of United States grown extra long-staple cotton. And today we have 17, 18, 20 mills that are spinning extra long-staple cotton.

The cotton is, so the mills say, and all the tests prove, equivalent and better than Egyptian Karnak. But we are confronted with lots of problems.

In the first place, we have a surplus of cotton. In the second place, we have a 95,000 bale per year import quota of foreign cottons. And in the third place, we have an annual consumption of about 110,000 to 120,000 bales of cotton. So that we are continually confronted with a supply situation which prevents the expansion of our acreage which will permit us to supply our mills with the qualities of cotton and the volume of our own cotton that they require.

In other words, this year we will produce in the neighborhood of 80,000 bales of extra long-staple cotton. Of this 80,000 bales, like other commodities, probably 75 percent of it will be high-quality cotton and 25 percent will be the lower qualities of cotton. We have not accumulated enough volume or enough stability in the production of these various qualities to justify the mills utilizing our lower quality cotton, and we do not have enough of the high qualities, the top qualities, to provide the mills with their demands.

The CHAIRMAN. Well, is the high quality and low-quality cotton grown in the same field?

Mr. WILSON. Yes, sir.

The CHAIRMAN. You select it?

Mr. WILSON. No. It depends entirely upon the time of harvesting and the weather conditions basically at the time of harvest. For instance, in the early part of the season practically all of our cotton will be No. 1, 2, or 3 grades—they are graded a little differently than upland, just the same as in your upland cotton your early har-



vesting is your Middling, and your later harvesting which has been exposed to more weather conditions and more adverse conditions will be the lower grades.

The CHAIRMAN. Well, what is the staple length of the finest cotton?

Mr. WILSON. The staple length will run from  $1\frac{3}{8}$  on up. That is the minimum.

The CHAIRMAN. And how about your lower grades?

Mr. WILSON. They will all staple about that minimum length. But they just don't have quite the strength and quite the length and the quality of fiber.

Well, that is basically the story of Supima. I could go on for a long time.

The CHAIRMAN. What is the difference in the cost of production between that and the upland cotton?

Mr. WILSON. You can estimate that very readily. Our yield in the entire Southwest, where we produce this cotton, is just about a bale to the acre average. The same area in upland cotton has an average of just a little less than 2 bales.

Now, we are improving the quality of this cotton all the time. We have a rather extensive breeding program. And we are not content with it. It is the best there is, but it still is not good enough.

The CHAIRMAN. All this is under irrigation?

Mr. WILSON. All under irrigation; yes, sir.

Senator TALMADGE. What is the price of the cotton, the best quality?

Mr. WILSON. The top price of this quality cotton runs from 58 to 63 cents at the present time. We have twice reduced the price of this cotton. It was too high—we couldn't be competitive. And this year we are going to reduce it again. Because of the variety of cotton which has been developed, we can produce it more economically per unit cost than the old cottons. And as we have progressed in our development of this cotton and our experience in growing it, we know what we can produce it for, and this year we are going to ask for another reduction in price.

Senator TALMADGE. What is the price of Egyptian cotton?

Mr. WILSON. Well, the Egyptians have a faculty of selling cotton just under what we sell ours for.

Senator TALMADGE. Are there any other areas of the world that produce this cotton?

Mr. WILSON. Yes; there are four major producing areas—the United States, Egypt, Sudan, and Peru.

The CHAIRMAN. You overlooked Russia.

Mr. WILSON. Well, I don't know whether Russia produces it. They buy an awful lot.

The CHAIRMAN. Yes; I saw a lot of the fields around Tashkat and Almata. The cotton they produce is long staple, ranging from  $1\frac{1}{5}$  to  $1\frac{3}{5}$ . They don't grow anything under  $1\frac{1}{5}$ .

Mr. WILSON. Do they get any yield out of it?

The CHAIRMAN. About two bales per acre. They produce from  $7\frac{1}{2}$  to 8 million bales of cotton per year, and the average staple length, as I recall, is  $1\frac{2}{5}$ —that is the average—almost three-fifths.

Mr. WILSON. They surely don't have the staple quality that we or the Egyptians do, because they do buy a lot of Egyptian long-staple

cotton. Now, Peruvian cotton is a very fine quality cotton. It makes a very fine and luxuriant cloth. But it does not have the strength that our staple has, and consequently is not competitive with our cotton, so far as quality is concerned, although it is a very pretty cotton. And we do import quite a bit of that.

The CHAIRMAN. As I recall, you voluntarily asked that the support price be lowered in this Congress; did you not?

Mr. WILSON. Yes sir, 90 to 75 percent of parity.

The CHAIRMAN. And it is now 75 percent?

Mr. WILSON. It is now 75 percent, sir, and we hope this year that Congress will go along with us in legislation to reduce it to a minimum of 60 percent of parity.

The CHAIRMAN. Well, why have any price supports at all for that cotton?

Mr. WILSON. Well, that is a story, too. We have a situation in the West, as you have all over the Cotton Belt, where we have restricted upland planting, and we have had this experience before of uncontrolled planting of long-staple cotton when there was restrictions on short. And we have produced such an excessive amount, that it is thrown completely out of balance. And we just don't want to take that risk again.

The CHAIRMAN. Well, are you advocating 60 percent support for the upland, too?

Mr. WILSON. No sir.

The CHAIRMAN. Only the higher grade and high price cotton.

Mr. WILSON. It is a high-priced cotton, and we have improved the quality and productivity of it to where we think it can be competitive.

Senator TALMADGE. What percentage of the cotton goes into the CCC?

Mr. WILSON. This year it looks like a substantial amount will go into CCC temporarily, because Egypt has undersold us this year, and that is why we want to put the price down. We believe we can be competitive with any long-staple producing area in the world.

Senator TALMADGE. Do you export any of your production?

Mr. WILSON. Yes; last year we exported a substantial amount, when we had this Egyptian crisis, or the Suez crisis. We exported a substantial amount. I was advised this morning there was some 3,500 bales exported this last week to the United Kingdom and France, I believe. And so many of these countries want our cotton. But we simply cannot get volume enough to even have them think about buying it from us. We have had a maximum of about 80,000 acres allotment, and that is just not enough to serve some of the mills. We have talked to the European mills and they tell us "We use as much cotton as you grow, so we can't look to you for supply, although we would like to have it."

Thank you very kindly, Mr. Chairman. I would like to present Mr. Cecil Colletterette.

The CHAIRMAN. Have a seat, sir.



**STATEMENT OF CECIL H. COLLERETTE, SUPIMA ASSOCIATION OF AMERICA, CASA GRANDE, ARIZ.**

Mr. COLLERETTE. Mr. Chairman and members of the committee, we certainly appreciate the opportunity of being able to come before your committee and bring you some of our problems.

Mr. Chairman, my name is Cecil H. Collettere. I am a cotton farmer from Casa Grande, Ariz. Today I am appearing in behalf of the Supima Association of America, which is an organization representing the extra long staple cottongrowers of west Texas, New Mexico, and Arizona.

The extra long staple cottongrowers need several legislative actions during the present session of Congress to accomplish the purposes they have set out to achieve. These are to make available an adequate supply of good quality extra long staple cotton at competitive prices and to aggressively promote consumption of that cotton. But our testimony is confined to one of these; namely, making extra long staple cotton eligible for export financing under Public Law 480.

Public Law 480 is designed to facilitate the export of surplus agricultural commodities by accepting foreign currencies in payment for the export instead of dollars. Mr. Chairman, we support the extension and continuation of this law.

Public Law is administered under agreements with friendly nations. In negotiating such agreements, the act directs that the United States shall take reasonable precautions to safeguard the usual marketings of the United States and to assure that the sales under the act will not unduly disrupt world prices. The act further specifies that the United States shall afford any friendly nation to the opportunity to purchase surplus agricultural commodities from the United States.

Mr. Chairman, it is abundantly clear that offering extra long staple cotton for sale under Public Law 480 would fully meet these and the other conditions of the act. In the first place, the Secretary of Agriculture has on 2 occasions in the last 6 months declared extra long staple cotton to be a surplus agricultural commodity. One was when he proclaimed marketing quotas and acreage allotments on the 1958 crop. The other was when he listed extra long staple cotton along with other commodities as surplus in connection with section 211 of the Agricultural Act of 1956. This section provides that no agricultural commodity determined by the Secretary of Agriculture to be in surplus supply shall be eligible for a loan or payment under an agricultural program if it is grown on newly irrigated or drained lands within any Federal project.

The definition of surplus agricultural commodities in Public Law 480 is the same as that in the other two acts, although the language used is slightly different. Attached hereto for the committee's information is the definition of a surplus commodity under those three statutes.

The CHAIRMAN. Mr. Collettere, is it your view that the long-staple cotton we are discussing now comes within the purview of the definitions that you have referred to?

Mr. COLLERETTE. Yes, sir.

The CHAIRMAN. Well, now, when the committee met on the fifth, I pointed up to Dr. Paarlberg that the committee had placed language

in the report of conference to the effect that there would be no discrimination made against upland and long-staple cotton. And is it your view that that is not sufficient? Can you give us examples, if you have any, of where the Department of Agriculture did discriminate against long staple?

Mr. COLLERETTE. Yes, Mr. Chairman, in the next statement or two here I cover that.

The CHAIRMAN. All right. I am sorry to anticipate you.

Mr. COLLERETTE. Despite having made the declaration of finding extra long-staple cotton surplus on two occasions and having published that fact in the Federal Register, it has not been possible to have extra long staple cotton financed under Public Law 480.

Regarding the other provision of Public Law 480, which we mentioned, it seems clear that world prices would not be unduly disrupted if extra long-staple cotton were made eligible under Public Law 480, because the world price of that kind of cotton is selling slightly below the United States Government loan level.

Mr. Chairman, this is not the first time we have faced this situation. For the past 18 months we have had a number of conferences with top-level people at the Department of Agriculture—including Secretary Benson, himself—at which time we have tried to get them to make our cotton eligible under Public Law 480. Last summer, since we had not succeeded in our efforts, we brought the matter to the attention of Members of the Congress. This resulted in a statement being included in the conference report, which extended Public Law 480, to the effect that Congress expected our cotton to be made eligible for export under Public Law 480. The conference report, dated July 5, 1957, Report No. 683, stated:

In this connection the committee of conference expects that extra long-staple cotton will be sold under the authority of this act, as is upland cotton, to any friendly nation without regard to the fact that this commodity may compete with a similar commodity produced outside the United States, and that all surplus agricultural commodities regardless of the kind will be made available for sale under the act without the imposition of conditions which would prevent or tend to interfere with their sale. Rather than in any way seeking to discourage or impede the sales of such surplus commodities, their sales should be emphasized if it appears that by such sale under this act a future market for dollars in the regular course of international trade, may be established for such commodities.

It is our understanding that the Department of Agriculture, following the adoption of the conference report, was completely sympathetic with our position and we have heard that they went so far as to notify the agricultural attachés that extra long-staple cotton was being made eligible. We understand that in a matter of days after this was done, the action was rescinded.

The CHAIRMAN. Now, what evidence have you of that? Where did you get that information?

Mr. COLLERETTE. I don't know as we could pin it down without maybe stepping on someone's toes, but it was common knowledge that the action was rescinded by the State Department. We have no way of proving that, however.

The CHAIRMAN. Proceed.

Mr. COLLERETTE. This is not the only action which has been taken in an effort to prevent extra long-staple cotton from being eligible under Public Law 480. Recently the following appeared in one of the newsletters sent out from Washington.



Spain didn't want Sudanese extra long-staple cotton even if their prices were lower. Spain prefers our extra long staple, even at higher prices but State Department barred exports of our extra long staple even though USDA has for 2 months declared it in surplus—has to, because of the legal formula that applies. State Department even asked USDA to refrain from exporting long-staple cotton because of fear of getting in bad with Egyptians and Sudanese.

Mr. Chairman, recognizing that much of the information contained in some of these newsletters is based on speculation, we would not have included it in our testimony if we had not obtained this same information from an authoritative source, but one which we are not at liberty to quote.

The CHAIRMAN. Could you give us that in executive session? I would like to find out.

Mr. COLLERETTE. Yes, sir; I would do that in executive session.

The CHAIRMAN. All right. Before you leave, I want you to give me the names of those people, so I can find out about it. Now, we have here present Mr. Gwynn Garnett, whom I hope to call soon after you get through, and try to explore that further. Proceed.

Mr. COLLERETTE. We have been unable under present law, even with the language of the conference report, to make long-staple cotton eligible for financing under Public Law 480. Our only recourse is to ask you for specific legislation for extra long-staple cotton.

Therefore, Mr. Chairman, we ask that this committee approve an amendment in connection with the extension of that act which would prevent extra long-staple cotton from being discriminated against in the administration of Public Law 480 and make it available for export financing under that act, so long as it is in surplus supply.

Mr. Chairman, that finishes our statement. We certainly appreciate your hearing us, and the members of your committee. We will be happy to try to answer any further questions.

The CHAIRMAN. Before you leave the stand, I would like to ask Mr. Garnett something.

Mr. Garnett, you have heard the statement of this gentleman to the effect that the Department of Agriculture stated that this long-staple cotton would be made available—that is on Public Law 480—and later on this was withdrawn. Is there any truth in that?

#### STATEMENT OF GWYNN GARNETT, ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE—Resumed

Mr. GARNETT. Yes, sir.

The CHAIRMAN. Will you furnish for the record the statements—your first statement, that is the one making it eligible, and then the one in which you withdrew it. And I want to ask you why it is you withdrew it.

Mr. GARNETT. Well, the laws of the Congress made it incumbent upon the Department of Agriculture to declare the extra-long-staple cotton in surplus. In the Department's routine procedures, it was then added to the list of commodities eligible for programing under Public Law 480.

The CHAIRMAN. Well, that is in accord with the witness' testimony. Now, we are particularly anxious to find out when that change of heart came about, and why, and who did it.

Mr. GARNETT. This was withdrawn, not permanently, but on a temporary basis, because of an extremely sensitive situation in the Middle East.

The CHAIRMAN. Through whom?

Mr. GARNETT. Well, I could say that this was a staff Government action.

The CHAIRMAN. Not from the Department of Agriculture, I hope.

Mr. GARNETT. It was not initiated by the Department of Agriculture.

The CHAIRMAN. Was it the State Department?

Mr. GARNETT. They were the ones that brought to the combined Government attention the sensitiveness at that time of the Middle East long-staple-cotton situation.

The CHAIRMAN. Any questions?

Senator YOUNG. No.

The CHAIRMAN. We will question you further about that in executive session.

Mr. GARNETT. Yes, sir.

The CHAIRMAN. Maybe get the State Department up here.

Any further questions of the witness?

Senator YOUNG. Just one question. You are under acreage quota the same as producers of other cotton, are you not?

Mr. COLLERETTE. Yes, sir; we have acreage allotments and marketing quota very similar to upland cotton.

Senator YOUNG. I recall the request was to have a lower price support so you could be more competitive with synthetics and other grades.

Mr. COLLERETTE. Yes, sir; we feel that is necessary in order to meet our competition, and do what Mr. Wilson said, expand our markets and increase consumption of this cotton, which is the primary objects of the Supima Association.

Senator YOUNG. Thank you.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. Thank you, sir.

Mr. COLLERETTE. Thank you, Mr. Chairman and members of the committee. I certainly appreciate your time in the consideration of our problems.

The CHAIRMAN. Now; when you were here last, Mr. Garnett, I asked Dr. Paarlberg to study this suggested section to the Public Law 480.

Mr. GARNETT. Yes, sir.

The CHAIRMAN. And I want to ask you if there is any objections to it.

Mr. GARNETT. I have read it, sir.

The CHAIRMAN. If you have objection, point them out to us.

Mr. GARNETT. We pointed out in the meeting when Dr. Paarlberg was here we do not need additional authority. This program was suspended, as I mentioned, because of the extremely sensitive Middle East situation. I am sure that it will be reconsidered as soon as it is possible. And this authority we do have.

The CHAIRMAN. Well, it would not hurt, then, to put it in if you already have it.

Mr. GARNETT. There would be no great harm that would result.



The CHAIRMAN. Good. That is all right. We will be the judge as to whether it will be in or not. We will have that language again printed at this point in the record.

(The amendment is as follows:)

EXTRA LONG STAPLE COTTON AMENDMENT

Section ——. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the act in the same manner as upland cotton or any other surplus agricultural commodity is made available, and that no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with its sale or availability for sale under the act.

The CHAIRMAN. All right, did you wish to be heard now?

Mr. GARNETT. If you have some further questions, we will be glad to attempt to answer them.

The CHAIRMAN. Well, you were unable to answer the questions I asked you awhile ago because of security reasons.

Are there any other questions you would like to ask, Senator Young or Senator Talmadge? If not, you may be seated, sir.

Senator TALMADGE. I would like to ask one question, Mr. Chairman. Are there any other basic farm commodities in surplus that have not been supported by Public Law 480?

Mr. GARNETT. All of the basic commodities have been made eligible for programing under Public Law 480.

Senator TALMADGE. Long staple cotton being the only exception?

Mr. GARNETT. That is correct.

Senator YOUNG. Don't you program some fruits and vegetables, too?

Mr. GARNETT. Yes, sir. Well, those commodities that have been made available under Public Law 480 include the basics in surplus, plus some other farm products, including at times fruits; and at one time we did program some lard, meat, and other products.

The CHAIRMAN. Well, Mr. Garnett, isn't it true that many of the basic commodities have been made eligible, but you could not sell them, as much as you desired, because of the same methods used as we are now complaining about in this problem? I remember several occasions.

Mr. GARNETT. Many of those problems that we had initially have been resolved, and we have worked out a procedure where we are moving very large quantities of the products in a way that we think——

The CHAIRMAN. But you are held in check somewhat by the State Department; are you not?

Mr. GARNETT. Yes.

The CHAIRMAN. Of course you are.

Mr. GARNETT. This is correct.

The CHAIRMAN. And the example we are now talking about is one of the latest ones. You have not been able to move a pound of this, I don't suppose, because of the matter that you discussed with us awhile ago, and which you say is all secret.

Mr. GARNETT. This is correct.

The CHAIRMAN. All right. The next witness is Mr. Banks Young.

**STATEMENT OF J. BANKS YOUNG, WASHINGTON REPRESENTATIVE,  
NATIONAL COTTON COUNCIL OF AMERICA**

Mr. YOUNG. Mr. Chairman, my statement will be very brief. My name is J. Banks Young. I am Washington representative of the National Cotton Council which has its headquarters in Memphis, Tenn. The cotton council is the overall organization of the raw-cotton industry representing farmers on through to the spinners.

At our last annual meeting on January 13, the voting delegates approved unanimously the following resolution having to do with the subject the committee is considering this morning.

That the council cooperate with the Supima Association of America in obtaining proper Government action needed to encourage exports by making United States grown extra-long-staple cotton available for foreign currency sales under Public Law 480.

That is the end of the resolution.

Mr. Chairman, I would just like to say that the council endorses the statement made by Mr. Collette, and we are supporting that position in this matter.

The CHAIRMAN. We did, too, last year, but it seems to be ineffective.

Mr. YOUNG. Well, we have tried to help in every way we could, sir, on this matter.

The CHAIRMAN. All right.

The next witness is Mr. Whatley.

**STATEMENT OF DAVID WHATLEY, BETHESDA, MD.**

Mr. WHATLEY. Mr. Chairman, I appreciate your hearing me, a private citizen, as I represent no organization or interest in this.

May I say in preface I have no financial interest in this legislation or any similar legislation. Neither I nor any member of my family or even an acquaintance would profit directly or indirectly by any portion of it.

The CHAIRMAN. Well, whom do you represent? Anybody at all?

Mr. WHATLEY. No one at all. I wish to suggest several brief amendments to the act and certain clarifying amendments to Senator Humphrey's bill, S. 3223.

First, on title I, may I suggest that either in the legislation or in the report of your committee you would urge the Department of Agriculture to reduce, where possible, the costs of ocean freight on title I shipments which, through December 31, 1957, has amounted to \$247,500,000. A portion of that—

The CHAIRMAN. Reduce it. You mean make somebody else pay it?

Mr. WHATLEY. I believe a portion of it could be financed with the local currencies, and I believe, in shipments to certain countries, it would not be necessary for us to pay in dollars the full 50 percent of the ocean freight, plus sometimes the differential which is required by the merchant marine cargo preference section.

The CHAIRMAN. In other words, we could well use currencies from host countries to pay this freight rather than American dollars?

Mr. WHATLEY. It is possible.

The CHAIRMAN. It is not only possible, but it ought to be done?

Mr. WHATLEY. Yes, sir.



Senator YOUNG. I think the witness raises a very good point. I think we should find out from the administration why more of this foreign currency is not used, or if any is used.

Mr. WHATLEY. Possibly in some cases it may not be necessary to pay the full 50 percent to reach an agreement with a particular country, even when it would not be possible to use local currency, but many countries, of course, have no merchant marine and we could not use certain local currency. I cite as collateral to that point that the ICA, in allocating ocean freight for shipments through the voluntary agencies under title III, which is financed from title II, is rather rigid in their requirements that the ocean freight be paid to a particular country only if it is absolutely necessary to get the food to that country. Ocean freight is paid in that operation to less than half of the total number of countries to which the shipments are made by the voluntary agencies.

The CHAIRMAN. Well, in this connection, I would like to ask Mr. Garnett this: To what extent do you use foreign currencies in the payment of freight on these commodities that are shipped abroad?

Mr. GARNETT. We do not use foreign currencies, sir.

The CHAIRMAN. Well, why not?

Mr. GARNETT. One of the——

The CHAIRMAN. Could you get the host country to pay some of that, maybe, instead of us?

Mr. GARNETT. Well, they pay half. But our laws require that half of all Government shipments move in United States bottoms. So we have no choice on those but to pay in dollars.

The CHAIRMAN. All right. But here we are charged in dollars for all the freight.

Mr. GARNETT. Yes, sir.

The CHAIRMAN. Well, why can't you use half of it, at least, from foreign currencies?

Mr. GARNETT. This has been an administrative problem. I think your question is very well taken.

The CHAIRMAN. Well, you had better try to save some American dollars if you can. Otherwise we are going to have to put some more printing presses in the Government.

Mr. GARNETT. I am wholly sympathetic with that.

The CHAIRMAN. Yes. Well, I hope you folks do it. If necessary, we might put something in the law to make you do it.

Mr. GARNETT. Yes, sir.

The CHAIRMAN. All right.

Mr. WHATLEY. Second, Mr. Chairman, may I suggest that in the report, or in the bill, that the committee endorse the proposition that the Department of Agriculture should give preference, in seeking agreements on title I, to those commodities which are in largest supply as compared to anticipated dollar sales and which are in greatest danger of spoilage.

The situation as to corn, Mr. Chairman, it seems to me, makes it imperative that we use every device, even the added initial cost of processing corn into corn syrup or cornmeal, even the added costs of packaging nondegermed cornmeal above that of degermed meal, to increase consumption under all three titles of the act.

The CHAIRMAN. Wouldn't that put new burdens on us, more dollars again?

Mr. WHATLEY. I think the additional costs involved in additional processing and packaging plus storage of the processed products would, upon examination, be considerably less than the storage costs on the unprocessed commodities even for 1 year, Mr. Chairman. And cumulative storage costs on corn, particularly, are mounting tremendously. Also, I am told it is spoiling at an alarming rate, and that if the full facts were ever known to the public, it would be a calamitous scandal—one of the worst possible things that could happen to our foreign relations in countries where millions are hungry.

The CHAIRMAN. What is your evidence on that? You say scandalous. What evidence have you got?

Mr. WHATLEY. I don't have evidence.

The CHAIRMAN. Well, why did you say it. What is your basis for saying that it is scandalous.

Mr. WHATLEY. I have been told by people whose opinion I respect, Senator, that corn is spoiling rather fast. One of them—and I think Senator Goldwater would not mind my quoting him on that—I believe he could tell you something on that point.

Senator HUMPHREY. You are right. There is considerable spoilage in corn. The Department is constantly selling it on the market, and people make a good fat profit off of it.

The CHAIRMAN. Isn't that peculiar to this year?

Mr. WHATLEY. No.

Senator HUMPHREY. It is higher this year, Mr. Chairman, because of the moisture content.

The CHAIRMAN. That is what I am saying. There is more spoilage this year than any other year, because of the high moisture content.

Mr. WHATLEY. Possibly, Mr. Chairman. But I believe the spoilage will increase in future years.

May I buttress the point that we need to accelerate disposal of some commodities, because in spite of full operation of the soil bank and Public Law 480, we have not reduced substantially the holdings in CCC of corn and other commodities, by permission to insert a table showing the amounts held by CCC of certain commodities before and after the effects of these measures.

(The table referred to is as follows:)



*Quantities and value of selected commodities in price-support inventories,  
January 1949–December 1956*

Date	Wheat		Corn	
	Quantity	Value	Quantity	Value
	<i>Million bushels</i>	<i>Million dollars</i>	<i>Million bushels</i>	<i>Million dollars</i>
1953–January	128	343	267	428
February	122	325	265	426
March	119	320	261	420
April	117	315	254	409
May	337	838	246	398
June	470	1,188	228	371
July	468	1,189	226	369
August	471	1,204	225	368
September	464	1,193	236	388
October	454	1,178	289	480
November	453	1,184	317	522
December	448	1,177	362	590
1954–January	442	1,164	381	623
February	439	1,161	390	640
March	438	1,163	442	721
April	478	1,254	433	707
May	673	1,715	410	670
June	775	1,971	365	596
July	777	1,983	358	584
August	780	2,000	347	573
September	773	1,990	353	586
October	770	1,995	460	760
November	762	1,984	567	934
December	749	1,962	606	1,003
1955–January	727	1,913	620	1,031
February	702	1,855	623	1,038
March	676	1,789	613	1,027
April	889	2,305	603	1,009
May	958	2,486	596	1,001
June	976	2,547	581	986
July	964	2,528	578	984
August	947	2,498	578	984
September	930	2,468	622	1,058
October	919	2,458	696	1,186
November	899	2,415	742	1,267
December	888	2,399	758	1,300
1956–January	872	2,366	747	1,288
February	846	2,310	745	1,292
March	832	2,279	738	1,286
April	976	2,601	728	1,275
May	990	2,631	720	1,267
June	951	2,536	702	1,246
July	947	2,554	702	1,249
August	927	2,489	713	1,269
September	900	2,424	748	1,328
October	874	2,367	845	1,486
November	857	2,331	914	1,603
December	840	2,294	984	1,724

The CHAIRMAN. Well, this committee is familiar with the treatment that is accorded to the corn producers. It is just extraordinary, because they get support prices whether they comply or not. That has been the bone of my contention in the past—that, if the corn people were treated the same as the producers of other basic agricultural commodities, we might not be in the fix we are with respect to corn.

Senator HUMPHREY. Mr. Chairman, I most respectfully say we didn't have any real surplus of corn until the Secretary started giving noncompliance corn \$1.25 a bushel in 1956, which happened to be a campaign year. I come from a State that produces a lot of corn. You didn't have 3 months' corn in surplus until 1957.

The CHAIRMAN. Yes, but the Senator might agree with me that the fact that the Secretary of Agriculture gave a price support to compliers of \$1.50 and to noncompliers of \$1.25, that is what broke the soil bank.

Senator HUMPHREY. Yes, sir; that is what broke the bank. I just wanted to say that, before that kind of arrangement was established, the overall surpluses of corn were not too heavy.

The CHAIRMAN. All right; Mr. Whatley, go ahead.

Mr. WHATLEY. May I add, Mr. Chairman, that I had hoped that the committee would recommend in its report additional processing of corn for use also under titles II and III. I know that processing of corn into corn oil is expensive, and the byproducts are not usable in this country. But processing it into sirup would make it increasingly useful in both title I operations, title II operations, and title III operations. I submit that the costs of that processing would be considerably lower than the continuing storage of that amount of corn over the years.

The CHAIRMAN. You would have to store the finished products. Of course, you take less space.

Mr. WHATLEY. We could stockpile the finished product with no danger of spoilage until it could be used. The storage costs on corn sirup would be very small, compared to those on corn, I believe.

Next, Mr. Chairman, may I suggest that there be some provision included in title I to permit and facilitate the use of foreign currencies for projects that would promote public health and assist in disaster situations.

When the mutual security appropriation bill was before the Senate last year, Senator Aiken proposed and discussed with Senator Hayden and other members that section 1415 not be required to be specifically waived to permit grants of local currencies for these purposes, but he was unable to press for its adoption then.

At the present time, the restrictions on use of local currencies for grants under 104 (e) are so restrictive by reason of the provisos at the end of section 104, requiring that they be appropriated in advance, except when this restriction of section 1415 is waived by special Presidential order, that the local currencies have been used for grants for economic development in only two instances—one, a small project in Greece, which was more properly a title II project, and, secondly, a small portion of the India program which, I am informed, constituted substantially the difference between the CCC cost of the grain and the price of the grain in India.

The CHAIRMAN. As I understand, the proceeds that we obtained from the foreign countries by way of their own currencies can be used in the same manner as any other grants that were made in the past. That is, they could be used for health, if the host country decided to do so.

Mr. WHATLEY. Except by Presidential waiver of section 1415, they cannot be used for grants, Mr. Chairman.



The CHAIRMAN. Well, no. But——

Mr. WHATLEY. Therefore, it has been——

The CHAIRMAN. I know. But why should we give more grants?

Mr. WHATLEY. You should not, I believe, Mr. Chairman, give them grants in any event where loans can be made. And, in practically all cases of economic-development projects, loans can be made if the projects actually permit the Government to repay the loan from income accruing from the operation of the project.

The CHAIRMAN. Well, in the sale of these commodities there is nothing to prevent the host countries from using the proceeds of those sales for whatever is desired within the country. Am I right, Mr. Garnett?

Mr. GARNETT. No, sir. Currency may be used only by agreement with the United States.

The CHAIRMAN. Yes, but for anything that they agree to.

Mr. GARNETT. It has been a policy that they not be used for grants.

The CHAIRMAN. I understand that. That is correct. You are exactly correct, and I am in agreement with that, and I hope it stays in the law. But what I am saying is that, by consent of the United States and the host country, the proceeds of these sales could be used for the purposes indicated by the witness.

Mr. GARNETT. But in the cases Mr. Whatley referred to—one of those cases was in Greece, and there was a grant because of the earthquake, and they needed it then, and this money was used in that way.

The CHAIRMAN. Well, in other words, if you followed Mr. Whatley's suggestion, it would mean a decrease in currencies that would come to us. That is what it would mean.

Mr. WHATLEY. Mr. Chairman, I agree with you fully, as I said, on the general principle that economic development projects generally can and should be on a loan basis rather than a grant. But with this exception, Mr. Chairman: Disaster relief and public health projects are not income producing; they do not generate local currency. Malaria eradication would be an example, where dollars can be saved and eradication accelerated if the salaries of additional local personnel could be paid with local currency without the necessity and redtape of going through the Bureau of the Budget to get a Presidential waiver of section 1415, which, once the agreement has been made, makes it very difficult to transfer the amount of local currency agreed to be allocated under section 104 (g), for loans, into 104 (e), for grants.

I can give you one example of that, if I may.

I think over a year ago Japan either formally or informally discussed with our Government the possibility that a small portion of their local currency which had been allocated for loans for economic development in 104 (g) be permitted to be transferred to 104 (e) as a grant for this one particular purpose: to set up two hospitals in Hiroshima and Nagasaki primarily for the treatment for radiation of the survivors of our atom bombs. It has taken over a year in redtape and negotiations, and that project has not gotten through yet. This is a project to build nonprofit hospitals. It is not income producing, and does not fit into the pattern of the 104 (g) loans for economic development. There is even a legal question of whether a hospital is economic development.

And I think only by a stretch of the language and intent of the Congress could it be so designated.

The malaria-eradication program I think can be justified as economic development because it does enhance the entire basis of economic development by increasing the energy of the people in a malarious area.

The CHAIRMAN. Well, if your suggestion were followed, Mr. Whatley, instead of getting back by way of I O U's from the host countries 60 percent average of the sale you would reduce that probably to 40 or 50 percent, maybe less than that. And the first thing you know it would be all gifts. As I contended in the past—I may be all in error about that—my good friend from Minnesota does not agree with me—but I would not be at all surprised if that all of these loans that have been made to host countries under Public Law 480 will come up for cancellation in bills presented to the Congress. This will make them entirely gifts.

Mr. WHATLEY. I hope that situation will not eventuate, Mr. Chairman.

The CHAIRMAN. Well, I do, too. You mark what I am saying. You will live long enough to see it. It won't be long—about 5 or 6 years.

Mr. WHATLEY. I was about to suggest that there be a limitation upon such grants of perhaps 5 percent of the total currencies allocated for assistance to any one country, or 2 percent might do the job, Mr. Chairman.

The CHAIRMAN. Well, it strikes me on the contrary that they ought to take this easy money being made available to them and let them do it.

Mr. WHATLEY. Where there are mutual security funds in abundance, such as on Taiwan, I think that is possible. In most malarious areas, there is a scarcity of mutual security funds or no funds—there are many countries in which we have programs under Public Law 480 where there are no mutual security programs.

Next, Mr. Chairman, may I suggest that the bill by Senator Humphrey, S. 3223, be amended in the last paragraph of page 2 by providing, in addition to assistance to the American-sponsored schools in the establishment or expansion—

Senator HUMPHREY. That is page 2?

Mr. WHATLEY. I apologize to Senator Humphrey for not discussing this with him before proposing it—that additional authority be inserted to permit the payment of scholarships which would be limited in individual and aggregate total amounts to permit foreign nationals to come to such universities as the American University in Beirut, where I understand the training of nationals of many countries in that area is being financed at the moment through mutual security funds, and may well contribute more to our technical assistance program in that area than perhaps any other money spent. If Public Law 480 foreign currencies could be used in the same manner for scholarships, in a small amount, limited by the Congress, I would think it would contribute tremendously to our mutual security at very small cost.

Next, Mr. Chairman, while I am on this subject of nonreimbursable costs, may I suggest that your appropriations committee this year, in the mutual security appropriation, add an additional amount not re-



quested in the budget for repayment to CCC of all the costs incurred for these programs which are in the nature of mutual security and international affairs, now authorized by paragraphs 104 (c), (d), (e), (g), (h), (i), and (j), and would be authorized, if Senator Humphrey's amendments were adopted, in 104 (k), (l), (m), and (n).

Instead of the broader proposal that has been made by the Farmers Union and Senator Proxmire, that the foreign currencies be used for grants generally for such large economic projects as dams, irrigation, and so forth, I believe that grants should be limited to those economic development projects that would not be income producing, and the language could so state—instead of saying merely for public health and disaster relief type programs.

Next, Mr. Chairman, the proposal of Senator Humphrey on page 3, adding paragraph 104 (m), financing of reconstruction, rehabilitation, and so forth, I suggest should be broadened to permit such projects to be undertaken by our Government directly as well as through the voluntary agencies.

I would suggest that language be added which would make it quite obvious that the agencies would be contractors of our Government, and that the local currencies not merely be turned over to them. I believe with such language, either in the bill or the report, the approval of the projects and the administration of the projects would be entirely under the control of the ICA.

On Senator Humphrey's section 4, may I suggest a rewording to make it plain that under title II, the added provisions that the commodities be taken from private stocks would not be interpreted to permit the use under title II of any commodities that are not in surplus supply and in the actual stocks of the CCC, even though they may be purchased outside of the CCC stocks at less cost to CCC.

May I ask permission, Mr. Chairman, on that point to insert a table showing the distribution under both Public Law 480, title III and section 32, domestic and foreign, so as to give the complete picture which does not appear in the semiannual reports of operations of Public Law 480.

The CHAIRMAN. Have you those tables available?

Mr. WHATLEY. I will get them.

The CHAIRMAN. Without objection, they will be printed.

(The tables referred to are as follows:)

*Surplus foods donated by United States for foreign distribution, pursuant to title III, Public Law 480 (sec. 416),<sup>1</sup> fiscal years 1953 through 1957*

	Quantity (in millions of pounds)	Value (in millions)
Beans, dry .....	117	\$11
Butter and butter oil .....	360	270
Cheese .....	376	167
Corn and cornmeal .....	383	24
Cottonseed oil .....	39	9
Milk, nonfat dry .....	1,246	237
Rice .....	305	46
Shortening .....	35	8
Wheat and wheat flour .....	808	55
Total .....	3,669	827

<sup>1</sup> NOTE BY WITNESS.—Donations under sec. 32 are confined to domestic distribution.

*Surplus foods donated for domestic outlets, pursuant to sec. 32 and title III,  
Public Law 480, fiscal years 1953 through 1957*

	Quantity (in millions of pounds)	Value (in millions)
Beans, dry.....	242	\$21
Butter.....	388	254
Bee products.....	288	111
Cheese.....	336	140
Corn (meal and whole).....	175	10
Cottonseed oil.....	36	8
Canned fruits.....	19	2
Fresh fruits.....	44	3
Milk (nonfat dry).....	335	65
Pork products.....	188	112
Poultry and poultry products.....	121	51
Rice.....	153	22
Shortening and lard.....	173	35
Vegetables.....	69	2
Wheat and wheat flour.....	343	24
Other commodities.....	12	3
Total.....	2,922	863

Mr. WHATLEY. If you wish it, Mr. Chairman, I will submit for the record a delineation of the operations of section 402 of the mutual security program which is supplemental to the operations of Public Law 480 and should be considered in a study of Public Law 480.

The CHAIRMAN. Any questions?

Senator HUMPHREY. Only this, Mr. Chairman. Since the bill, S. 3223, is being discussed by Mr. Whatley, I would like to have the explanation of this bill which I prepared at the time that the bill was revised and written to be printed in the record. I think it would be germane and pertinent to what Mr. Whatley has said, and it might be helpful in explaining to those who may read this testimony what we mean by sections or by paragraphs (k), (l), (m), (n), and so forth.

I will present this to the Senate stenotypist here just a little bit later.

The CHAIRMAN. Let it be filed, and we can put it in the permanent record when it is printed.

[From the Congressional Record, February 4, 1958]

**AMENDMENT OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954**

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, and ask that it be appropriately referred.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3223) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, introduced by Mr. Humphrey, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

Mr. HUMPHREY. Mr. President, the purpose of this proposal is to amend the Agricultural Trade Development and Assistance Act of 1954, by extending and expanding this highly successful program.

The program has become commonly referred to as a surplus disposal program, although in reality its purpose is far broader and its contribution far more significant.

Perhaps there is need, in considering its extension, to call attention to the statement of purpose in the act itself declaring it to be the policy of Congress "to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade



in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."

All evidence to date indicates the act has served those purposes effectively, becoming a valuable international economic tool in support of American foreign policy in addition to making wiser use of our agricultural abundance.

The administration has asked for extension of this program, and for its expansion.

The accompanying bill represents conclusions drawn from lengthy hearings and months of study by the Senate Committee on Agriculture and Forestry, seeking to perfect the measure out of working experience with it.

The measure authorizes an additional \$500 million for sale of agricultural commodities for foreign currencies during the balance of this fiscal year, because officials of the Department of Agriculture have testified requests for that amount of purchases are already on hand and cannot be met because the limited authorization of last year has been exhausted in the midst of the fiscal year.

The measure would authorize continuing the program at a level of \$1,500 million per fiscal year for the next 2 years.

The administration has recommended that level of operation, but asked extension for only 1 year. The 2-year extension is proposed instead because of overwhelming testimony indicating many of the operating problems had developed over uncertainty of length of the program. Participating countries have been handicapped in developing constructive programs under the act because of the year-to-year extensions in the past. The 2-year approach is in keeping with all our foreign-aid studies, emphasizing the necessity for more long-range planning for efficient and effective administration. The act still requires periodic reports to the Congress every 6 months, providing ample opportunity for congressional review and changes, if necessary, within the 2-year period.

The measure also expands the purposes for which the foreign currencies obtained can be used in support of United States foreign policy and other purposes of the act.

These additional purposes include the person-to-person exchange program under the Smith-Mundt Act; to aid the vocational-education facilities in foreign countries and assistance to schools, colleges, or universities founded or sponsored abroad by citizens of the United States to carry on programs of vocational, professional, scientific, or general educations; the financing of reconstruction, rehabilitation, health, self-help, and other technical-assistance-type projects by American voluntary nonprofit agencies, such as church groups and CARE; and for financing research projects in foreign countries to find new uses for United States agricultural commodities whereby consumption and use of such commodities can be expanded.

The measure also extends for 2 years the famine-assistance authority of the President in government-to-government assistance, as well as the relief programs of American voluntary nonprofit agencies, limiting such programs to \$500 million for the 2-year period, but broadening the types of commodities available by making the definitions of surplus for purposes of title I sales programs also apply to title II relief programs.

The measure further clarifies the intent of the Congress as to the barter programs under title III, directing the Secretary to protect the funds and assets of the Commodity Credit Corporation by bartering commodities for materials meeting the criteria in the law of being cheaper to store and which entailed less loss due to deterioration, establishing a ceiling of \$500 million for such transactions unless additional authority is granted by the Congress.

The measure also substitutes the term "agricultural commodities" for the word "food" in section 416 of the Agricultural Act of 1949, which is also included in Public Law 480, by reference, to make fibers, such as cotton, eligible, as well as food for relief programs in the United States and abroad.

The CHAIRMAN. Well, now, Senator Humphrey, do you have an analysis of how much less would we get in credits than now prevail? As I understand the average is about 60 percent, is it not?

Mr. GARNETT. Yes, sir.

The CHAIRMAN. 60 percent of the sales we get in I O U's, that is some kind of form of credit.

Mr. GARNETT. This has been the average up to this time.

The CHAIRMAN. Now, I wonder if we could make an analysis of Senator Humphrey's suggestion and find out the extend to which this 60 percent would be reduced?

Senator HUMPHREY. I think it would be very helpful if the Department would do so—we would be glad to cooperate with the Department in making that analysis.

Of course, under the provisions which we suggest, Mr. Chairman, it would be hard to really analyze exactly as to what the costs would be, because it would depend upon participation.

The CHAIRMAN. But you could make a minimum and a maximum, anyhow.

Senator HUMPHREY. Yes. I think you are correct. I think we should do that. And I shall make it my business to see that we do do it and present it to you.

As long as we are on it, I want to say that there is not a suggestion in this bill that was presented but what it was testified to and vigorously supported at the time we held hearings. I don't lay any claim to saying these are personal suggestions. There are a few of them very helpful from a clarifying point of view.

I am convinced that many of the programs that we use overseas in dollars would be implemented and made much more effective by the use of some of these foreign currencies.

Mr. GARNETT. I just want to make sure of the section you want us to analyze.

The CHAIRMAN. May I suggest this, Mr. Garnett: Before we enact this bill, or report a bill out, I would like to have a thorough analysis—and this is Senator Humphrey's bill. When we meet soon, in order to consider an extension of Public Law 480, we are going to also consider Senator Humphrey's bill and any others before us. So let us have that as soon as you can. The quicker the better. I hope to get this out, if possible, maybe next week.

All right, thank you, Mr. Whatley.

Mr. WHATLEY. Mr. Chairman, I have one more proposal if you have time—that title II be put in the same legal category as title III, which is now permanent legislation.

The substance of title II was originally proposed by the executive branch to be permanent legislation in 1953. Unfortunately, politically it got bogged down because there was no monetary limitation and the Congress thought this was an open ended thing to permit CCC to be drained of all its resources.

But it is a necessary implement of our foreign policy. I think we will always have certain surpluses in CCC stocks of some commodities which could be used in cases of disaster, and should be used, without the necessity of several months hearings and additional bills before Congress.

Some day title I will expire and will not be renewed. The title I program is so large, the Congress, of course, would not consent to renew it indefinitely.

But title II, a small program, if it were limited to \$200 million annually, I believe there would be no objection, in the Congress. Also,



I understand that the executive branch would have no objection to such an amendment, even though it was not proposed by them.

The CHAIRMAN. Well, Mr. Garnett, what I wish you would do also is to take the suggestions made by the witness, Mr. Whatley, and let us have your views on what he suggests.

Senator YOUNG. Mr. Chairman, in a trip I took last fall around the world I had much the same objective in mind Mr. Whatley did—that of finding more uses of this foreign currency we were accumulating under Public Law 480 and to find more ways of using this currency in lieu of dollar expenditures. I intend to write the Bureau of the Budget and have them dig into it further. I think they can find many ways.

For example, if they would send a questionnaire to all of our ambassadors around the world, I think they would get many good suggestions as to how you could use these currencies in lieu of United States dollars.

I think there ought to be a better accounting system, a better listing of these various appropriations so this could be rightly charged, and lease a part of it, to mutual aid, rather than a giveaway program to farmers, as most people think.

The CHAIRMAN. All right, any further questions?

If not, the committee will stand——

Senator HUMPHREY. Mr. Chairman, are you going to have the State Department over here on this long-staple cotton issue, because I have a reason for suggesting that they be brought here. I have to discuss this matter in executive session with you.

The CHAIRMAN. Off the record.

(Discussion off the record.)

Senator HUMPHREY. I cannot quite appreciate the discrimination which is made on long-staple cotton in light of what I know to be some other actions on the part of our Government relating to countries that apparently we would be competing with on trade relating to this cotton. I mean there is a complete divergence of foreign policy activity in the way you are treating the cotton sales under Public Law 480, and the way we are treating a CARE program with a country that may be involved tradewise with long-staple cotton.

And I would like to find out from the Department of State why this upside-down type of treatment. They may have a good reason, but I don't quite understand it.

The CHAIRMAN. Well, I hope to have the State Department representative here as well as Mr. Garnett and Mr. Mann just before we report the bill out, and make a determination as to these amendments that have been proposed, and particularly your bill.

Senator HUMPHREY. I shall speak to Mr. Garnett about this myself. I think he knows of my concern about it.

I want to underscore what Senator Young said with reference to our ambassadors and embassies. I found this in my journey, and I am sure that Senator Ellender found it too. I went to seven countries with this particular objective of studying our food program. And I can say that the lack of knowledge in the embassies relating to Public Law 480 and how it can be applied, and particularly the diligence of the use of the foreign currencies generated, is something that was not very pleasing to me.

I found every foreign officer, in the foreign ministry of every country I went, much more cognizant of Public Law 480 than our own people. And I can say with equal candor that in the Department of State, where the economic planning goes on, I did not find the alertness and the minute detailed knowledge of Public Law 480 that ought to be there.

This has been taken as almost an agricultural program, per se. The Department of Agriculture knows it in and out. And I pay tribute to those who manage this, and you, Mr. Garnett, very much—you have done a competent job.

But I don't think there has been the same kind of understanding—and I don't say this is willful, it is just that it has not happened—in the Foreign Service relating to the use of Public Law 480 as an instrument for our foreign policy, and surely as an economic instrument.

Senator YOUNG. That is particularly true of certain officials. More and more are becoming interested but some are still disinterested.

Senator HUMPHREY. I just wanted to concur in your observation on that, because I certainly agree.

The CHAIRMAN. May I say to my two good friends that on all of my visits abroad I have made the assertion that the State Department is woefully negligent in not telling our foreign representatives the condition of our own economy.

In making up these huge budgets for foreign aid, for instance, they don't know the impact that it is going to have on our own economy.

And I have been urging the same thing you two gentlemen have been urging for Public Law 480 insofar as foreign aid is concerned. And I am satisfied that if that were done, it is entirely possible that those who make up our budget would probably look at it in a different light.

Now, as you know, what happens abroad, is that these budgets are made, not by members of the host country, but by our own people. So I have been contending that they ought to be familiar with our own economy, and the impact it is going to have by continuing to increase foreign-aid grants and loans and what have you.

Is there anything further? If not, the committee will stand in recess until further orders from the chairman.

(Whereupon, at 11:30 p. m. the committee recessed, to meet at the call of the chairman.)



85-931

# EXTEND PUBLIC LAW 480

AGRICULTURAL TRADE DEVELOPMENT AND  
ASSISTANCE ACT OF 1954

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## HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH CONGRESS

SECOND SESSION

ON

Sales on Credit, H. R. 4358

Extend Act, S. 3420, H. R. 9893, H. R. 9894, and H. R. 10117

Barter and Exchange, H. R. 10487

Barter and Stockpiling, H. Con. Res. 224

Counterpart funds use, H. R. 11906

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MAY 5, 6, 7, 8, 9, 10, 22, 28, AND JULY 3, 1958

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## EXTEND PUBLIC LAW 480

### Agricultural Trade Development and Assistance Act of 1954

MONDAY, MAY 5, 1958

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D. C.*

The committee met pursuant to notice at 10:10 a. m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

Off the record.

(Discussion off the record.)

The CHAIRMAN. Mr. Paarlberg, we are delighted to have you before the committee this morning for a discussion of the extension of Public Law 480.

There have been several bills introduced with that purpose in mind: 1 by Mr. Matthews, 1 by Mr. Harrison, 1 by Mr. Dingell, 1 by Mr. Anfuso, 1 by Mr. Abernethy and others. I think they all have the same purpose. We also have S. 3420, which has passed the Senate, and a bill introduced on February 4, H. R. 10487, and House Concurrent Resolution 224.

(The bills referred to, H. R. 10117, H. R. 9894, H. R. 11906, H. R. 4358, H. R. 9893, S. 3420, H. R. 10487, and H. Con. Res. 224 are as follows:)

[H. Con. Res. 224, 85th Cong., 1st sess.]

#### CONCURRENT RESOLUTION

Whereas the Congress in enacting the Commodity Credit Corporation Charter Act in 1949 sought to find a profitable outlet for surplus agricultural commodities by conferring upon the Commodity Credit Corporation the authority "upon terms and conditions prescribed or approved by the Secretary of Agriculture" to barter such commodities for strategic and critical materials produced abroad; and

Whereas under such authority a very small volume of exchange transactions was consummated; and

Whereas, because of its dissatisfaction with the lack of progress of the barter program under such existing authority, the Congress in 1954 included in the Agricultural Trade Development and Assistance Act Section 303 directing the Secretary of Agriculture to "use every practicable means" to dispose of agricultural surpluses by barter whenever he has reason to believe that "there may be opportunity to protect the funds and assets of the Commodity Credit Corporation by barter or exchange of such agricultural commodities for strategic materials entailing less risk of loss through deterioration or substantially less storage charges" and other materials and services; and

Whereas under this new directive and authority very substantial quantities of surplus agricultural commodities were exchanged for strategic and other materials; and

Whereas the Department of Agriculture by action announced on May 28, 1957, has established a new Departmental program for such barter or exchange transaction which in effect nullifies the policy established by Congress in section 303 of the Agricultural Trade Development and Assistance Act of 1954: Therefore be it

*Resolved by the House of Representatives (the Senate concurring),* That it is the sense of the Congress that (1) provisions of law heretofore enacted by the Congress to encourage and facilitate the exchange of surplus agricultural commodities for other materials are not being carried out effectively, (2) the program for the implementation of those laws announced by the Department of Agriculture on May 28, 1957, unduly restricts such exchanges and for that reason is contrary to the policy established by the Congress in the enactment of those provisions, and (3) the restraints imposed by that announced program upon such exchanges should be rescinded pending further action by the Congress with respect thereto.

SEC. 2. Copies of this resolution shall be transmitted to the President and to the Secretary of Agriculture.

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[S. 3420, 85th Cong., 2d sess.]

AN ACT To extend and amend the Agricultural Trade Development and Assistance Act of 1954

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 103 (b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during any fiscal year which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$1,500,000,000, plus any amount by which agreements entered into in prior fiscal years (beginning with the fiscal year ending June 30, 1958) have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years."

SEC. 2. (a) Section 104 of such Act is amended by inserting before the period at the end of the first sentence of paragraph (h) thereof the following: "and for the financing of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446)".

(b) Such section is further amended by adding after paragraph (j) the following new paragraph:

"(k) For providing assistance, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies."

SEC. 3. Section 109 of such Act is amended by striking out "June 30, 1958" and inserting in lieu thereof "June 30, 1960".

SEC. 4. Section 204 of such Act is amended by striking out "June 30, 1958" and inserting in lieu thereof "June 30, 1960".

SEC. 5. Section 206 (a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a semicolon and the following: "but no strategic or critical material shall be acquired by the Commodity Credit Corporation as a result of such barter or exchange except for such national stockpile, for such supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs".

SEC. 6. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act in the same manner as upland cotton or any other surplus agricultural commodity is made available, and products manufactured from upland or long-staple cotton shall be made available for sale pursuant to the provisions of title I of the Act as long as cotton is in surplus supply, and no discriminatory or other conditions



shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the Act.

Passed the Senate March 20 (legislative day, March 17), 1958.

Attest:

FELTON M. JOHNSTON, *Secretary*.

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[H. R. 4358, 85th Cong., 1st sess.]

A BILL To amend the Agricultural Trade Development and Assistance Act of 1954 so as to authorize sales on credit

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That section 105 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended to read as follows:

"SEC. 105. Foreign currencies accruing from sales pursuant to this title shall be paid at such times, not later than ten years after delivery of the commodities, as the President shall in each case determine and shall be deposited in a special account to the credit of the United States. Such currencies shall be used only pursuant to section 104 of this title, and any department or agency of the Government using any such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used."

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[H. R. 9893, 85th Cong., 2d sess.]

A BILL To extend and expand the authority of Public Law 480, Eighty-third Congress

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended—

(1) by striking out of section 103 (b) the figure "\$4,000,000,000 and inserting in lieu thereof "\$5,500,000,000" and

(2) by striking out of sections 109 and 204 the date "June 30, 1958" and inserting in lieu thereof the date "June 30, 1959".

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[H. R. 9894, 85th Cong., 2d sess.]

A BILL To extend and expand the authority of Public Law 480, Eighty-third Congress

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended—

(1) by striking out of section 103 (b) the figure "\$4,000,000,000" and inserting in lieu thereof "\$5,500,000,000" and

(2) by striking out of sections 109 and 204 the date "June 30, 1958" and inserting in lieu thereof the date "June 30, 1959".

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[H. R. 10117, 85th Cong., 2d sess.]

A BILL To extend and expand the authority of Public Law 480, Eighty-third Congress

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended—

(1) by striking out of section 103 (b) the figure "\$4,000,000,000" and inserting in lieu thereof "\$5,500,000,000" and

(2) by striking out of sections 109 and 204 the date "June 30, 1958" and inserting in lieu thereof the date "June 30, 1959".

[H. R. 10487, 85th Congress, 2d sess.]

A BILL To extend and expand the operations of the Agricultural Trade Development and Assistance Act of 1954, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended as follows:

(a) Sections 109 and 204 of such Act are amended by striking out "1958" and substituting in lieu thereof "1959".

(b) Section 103 (b) of such Act is amended by striking out "\$4,000,000,000" and inserting in lieu thereof "\$5,500,000,000".

SEC. 2. Section 303 of the Agricultural Trade Development and Assistance Act of 1954 is amended to read as follows:

"SEC. 303. Along with other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation, the Secretary is directed to protect the funds and assets of the Commodity Credit Corporation by barter or exchange of such agricultural commodities for (a) materials entailing less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs, he is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private trade channels, such barters or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barters or exchanges: *Provided*, That the total volume of the transactions directed by this section shall not exceed \$500,000,000 annually, unless specifically authorized by the Congress. The authorities contained in this section shall, in addition to other types of transactions, permit the domestic processing of raw materials of foreign origin or of domestic origin where the domestic processor agrees to import an equivalent amount of similar foreign material. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. Materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing such materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements. The Secretary is also directed to assist, through such means as are available to him, farmers' co-operatives in effecting exchange of agricultural commodities in their possession for strategic materials."

SEC. 3. Subsections (a) and (b) of section 206 of Public Law 540, Eighty-fourth Congress, are amended to read as follows:

"(a) Materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products, unless acquired for the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U. S. C. 97-98h), or for other purposes shall be transferred to the supplemental stockpile established by section 104 (b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U. S. C. 1704).

"(b) Materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products may be entered, or withdrawn from warehouse, free of duty."

[H. R. 11906, 85th Congress, 2d sess.]

A BILL To amend the Agricultural Trade Development and Assistance Act to permit use of counterpart funds derived from sale of surplus agricultural commodities abroad for acquiring significant foreign scholarly works

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 104 of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out the period at the end of paragraph (j) and inserting in lieu thereof a semicolon, and by inserting after such paragraph the following new paragraph:

"(k) For financing projects for (1) the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical, scientific, or educational significance in the United



States, (2) the registry, cataloging, abstracting, and translating of such books, periodicals, and materials determined to have such significance, and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in research centers in the United States specializing in the areas to which they relate."

The CHAIRMAN. I suppose you have had an opportunity to see and study all of these bills, have you not?

Mr. PAARLBERG. Our people have reviewed them all, Mr. Chairman.

The CHAIRMAN. You have a prepared statement, which you may present at this time, and then we shall discuss the bills.

**STATEMENT OF DON PAARLBERG, ASSISTANT SECRETARY, UNITED STATES DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY WALTER C. BERGER, ADMINISTRATOR, COMMODITY STABILIZATION SERVICE, AND EXECUTIVE VICE PRESIDENT OF THE COMMODITY CREDIT CORPORATION; AND PAT O'LEARY, DIRECTOR OF THE FOREIGN TRADE PROGRAMS DIVISION OF FOREIGN AGRICULTURAL SERVICE; AND GORDON O. FRASER, ASSISTANT ADMINISTRATOR FOR MARKET DEVELOPMENT PROGRAMS, FOREIGN AGRICULTURAL SERVICE**

Mr. PAARLBERG. I should like first to introduce the gentlemen who are at the table with me here this morning.

On my right is Walter C. Berger, Administrator of the Commodity Stabilization Service and Executive Vice President of the Commodity Credit Corporation.

On my far left is Pat O'Leary, who is Director of the Foreign Trade Programs Division of the Foreign Agricultural Service.

On my immediate left, Mr. Gordon O. Fraser, who is Assistant Administrator for Market Development Programs in the Foreign Agricultural Service.

I appreciate this opportunity to discuss with you operations under Public Law 480 and to present our views on extension of the program.

The program has made it possible for us to make constructive use of our agricultural surpluses at home and abroad.

First of all, I wish to make it clear that our major emphasis is on sales for dollars, not on sales for foreign currency.

Last year about 60 percent of our agricultural exports were for dollars. We intend to keep that percentage as high as possible, and to keep our total exports as high as possible.

To permit continuation of a high level of exports, we recommended that foreign currency sales under title I be extended for 1 year through June 30, 1959; that the authorization be increased by \$1.5 billion; and that title II, which authorizes the use of food for emergency relief abroad also be extended for 1 year.

Balances available from the current \$800 million authorization for title II, however, are sufficient to permit continuation of operations for the additional period.

Title III, which provides for donations through voluntary relief agencies and for barter transactions, does not have an expenditure limitation or an expiration date under the act.

## SUMMARY OF TITLE I OPERATIONS

The current \$4 billion authorization to make foreign currency sales under title I is virtually exhausted. Signed agreements have committed over \$3.8 billion and the small, remaining balance is being used to meet emergency situations. We urge therefore, that prompt consideration be given to the extension.

The agreements already signed provide for the shipment of 586 million bushels of wheat, 3.2 million bales of cotton, 26 million bags of rice, 1.9 billion pounds of vegetable oils, 146 million bushels of feed grains, 192 million pounds of tobacco, 150 million pounds of meat, 220 million pounds of lard, 212 million pounds of dairy products, 186 million pounds of fruit and vegetables, as well as other commodities.

Mr. ALBERT. What period is that for?

Mr. PAARLBERG. That is for the entire period to date, from the beginning of the program to the present time.

In 1955-56, the first full year of operation of title I, foreign currency shipments totaled \$440 million at export market value. During 1956-57, Title I shipments amounted to \$900 million.

Agreements signed to date will result in foreign currency payments of about \$2.7 billion. About 55 percent of the total will be used for economic development purposes in importing countries, 10 percent will be used to support the defense forces of our allies, and the remaining 35 percent is planned for meeting United States expenses overseas and expanding certain United States programs. Currency uses will be discussed in more detail later in this statement.

## NEED FOR EXTENSION OF ACT

Public Law 480 was passed with the primary purpose of aiding in the disposal of large, accumulated surpluses. When the act was passed, the Commodity Credit Corporation's investment in agricultural commodities was valued at \$6 billion. This investment continued to rise in the next 2 years and totaled \$8.2 billion on June 30, 1956.

As disposal programs, including CCC exports for dollars at world prices, began to have full effect, this rise in investment was arrested and a downward trend was started.

CCC's investment in agricultural commodities on June 30, 1957, was \$7.3 billion. It is estimated that CCC's investment in commodities as of June 30, 1958, will be reduced to about \$6.8 billion, which compares with \$8.2 billion 2 years ago.

These reductions, resulting mainly from disposals of wheat and cotton, would have been greater except for the extremely large harvest of feedgrains last year.

It seems likely that United States agricultural production will continue at a high level and CCC will continue to take over production in excess of domestic use and commercial export outlets.

Emphasis has been given to export sales for dollars and these sales have reached extremely high levels in the last 2 years. But under any foreseeable circumstances, dollar sales will not be sufficient to move the surplus which may accumulate in CCC hands.



Originally, we had planned to program part of the new authorization before June 30, if the extension had been granted soon enough.

It would be particularly desirable to negotiate large programs during the next 2 or 3 months to yield best results in terms of orderly export shipments and direct benefit to farmers.

In the title I program, orderly programing and shipping is extremely important. These are dependent on continuous programing without time out between utilization of separate authorizations.

We have run into periods when title I programing has come to a standstill; for example, the development of new agreements virtually ceased in January 1957, when our authorization was almost exhausted.

The availability of funds during the following months would have avoided a backlog of program requests from interested countries.

This backlog resulted in the necessity to scale down, delay, or exclude country programs, and in erratic shipment performance.

Shipments were running about 800,000 tons a month last spring—these dropped off to less than 400,000 tons and increased to about 600,000 tons in January as shipments were being made against fiscal year 1958 country programs.

#### EFFECT OF EARLY EXTENSION

Obtaining an extension of the act soon would prevent a slump in shipments during this summer and fall.

Considering the \$700 million in commodities unshipped as of June 30, 1957, and the \$1 billion authorization we are now committing, it is estimated that an additional \$1.5 billion would result in shipments as follows:

[In billions]

1956-57-----	\$1.4	1958-59-----	\$1.4
1957-58-----	1.2	1959-60-----	.6

The extension would thus allow us to maintain title I exports in fiscal year 1959 at about the same level as 1957.

#### PROGRAM RESULTS

Title I originally provided for an authorization of \$700 million in terms of cost to the Government of commodities supplied under the program. The value of these commodities at current world prices, of course, is considerably less.

This authorization has been raised 3 times and now is \$4 billion. Over \$3.8 billion of this limit has moved or will move under more than 100 agreements signed with 35 friendly countries. Most of the balance is in negotiation or earmarked for specific countries.

Agreements totaled about \$475 million in the year ending June 30, 1955; about \$975 million in 1955-56; about \$1.5 billion last year; and about \$875 million thus far this year.

The increase in title I shipments from year to year has been one of the major factors leading to the rise in our total agricultural exports.

In 1954-55 our agricultural exports had a market value of \$3.1 billion. Title I shipments were small that year accounting for 3 percent of the total.

In 1955-56, our agricultural exports rose to \$3.5 billion. Title I accounted for 12 percent of the total.

In 1956-57, the year ending last June 30, our agricultural exports rose to an all-time high of \$4.7 billion. Title I shipments made up almost 20 percent of the total, or about \$900 million.

The rise in total exports was the principal reason that the direction of surplus accumulations was reversed last year.

During 1956-57, CCC investment in price-support commodities declined almost \$1 billion with the principal reductions being in wheat, cotton, and rice—commodities for which there were heavy movements under the title I program.

I would like to mention some of the individual commodity performances:

#### WHEAT

Wheat has been one of our greatest surplus problems. Stocks in Government hands increased in each of the 5 years prior to last year; last year, however, wheat exports reached the record high of 550 million bushels. In other words, last year we exported almost as much wheat as we consume domestically in an entire year.

About 200 million bushels of this total moved against sales for foreign currencies under the title I program. The record shipment resulted in a reduction of about 125 million bushels in the carryover of wheat.

It is expected that exports this year will be about 400 million bushels; in order to achieve this total, more than 40 percent is being moved under title I.

#### SOYBEAN OIL AND COTTONSEED OIL

Exports of soybean oil and cottonseed oil have established new record levels during the past 3 years and will continue high this season. In each of the 3 years the major reason for the increase was shipments made under the title I foreign-currency program. Last year, for example, we exported nearly 1.4 billion pounds of these oils. Almost 50 percent of the total moved under the title I program.

The title I program has been helpful in keeping soybeans out of price-support trouble. Despite a record harvest this year, the impact on the market has been relatively mild. Although the carryover of soybeans by CCC is expected to be larger than last year, the carryover will be only a small percentage of the crop.

#### COTTON

The major reason that our cotton exports expanded so markedly in 1956-57 was the stability and confidence given to world markets by the CCC export program.

Exports last year reached 7.6 million bales, the highest total in a quarter of a century. Nearly 20 percent moved under the title I program. The expanded exports have made possible a reduction in CCC cotton stocks for the first time in 6 years.

Instead of adding to the existing surplus carryover, stocks this past season were reduced by more than 3 million bales. Additional reductions will be made this year with total cotton exports expected to remain relatively high at about 5.7 million bales. About 15 percent will be moved under title I.



## RICE

A substantial reduction in surplus stocks of rice resulted from a record export year in 1956-57 which totaled about 26 million bags, of which 18 million bags moved under foreign-currency sales.

The title I shipments went to India, Korea, Pakistan, and Indonesia, where increases in consumption would be obtained without affecting world markets.

These movements have disposed of surpluses which had accumulated since the 1953 crop and have greatly improved domestic marketing conditions.

## USES OF FOREIGN CURRENCY

Foreign currencies received in payment for commodities are deposited to the account of the United States overseas and are used for purposes authorized in section 104 of Public Law 480 and specified in the sales agreement.

Several departments and agencies have responsibility for administering the expenditure of these currencies.

For example, the Department of Agriculture is concerned with the use of currencies for agricultural market development purposes; the International Cooperation Administration for currencies loaned back to importing countries for economic development purposes; and the Export-Import Bank of Washington for currencies loaned to private business firms.

About \$45 million in currencies has been tentatively earmarked for agricultural market development under existing agreements.

To date, approximately \$10 million of this is being obligated for approved projects, together with contributions by private trade organizations cooperating in these projects of over \$3 million.

Results of these promotion efforts are already evident.

Cotton promotion projects undertaken in 21 countries have been a factor in the free movement of cotton overseas and should continue to encourage exports for some time to come.

The tile I poultry sale to the Republic of Germany, plus a promotion project resulted in dollar purchases by that country of more than 4 million pounds of poultry in 1957. Thus far in 1958, West Germany has allocated dollars for an additional 3 million pounds of poultry.

Particularly good results have been obtained in Japan in maintaining United States wheat and tallow exports, and increasing the use of United States leaf tobacco.

Commercial supermarkets have been opened up in Italy and other countries following a supermarket exhibit held in Rome in June 1956.

We believe that as more projects are undertaken and more products exhibited at trade fairs, our export markets for many commodities will widen considerably.

About half the foreign currencies expected to accrue under existing agreements will be loaned back to importing countries for use in economic development projects agreed upon with the International Cooperation Administration.

Considerable emphasis is placed upon coordinating plans for the use of these funds with the overall economic development programs of these countries.

In approving loan projects for agricultural purposes, care is exercised to avoid encouragement of production which would result in reduced outlets for United States agricultural commodities.

The extension of Public Law 480 granted in August 1957, provided for relending of foreign currencies, largely to United States firms and their affiliates, to assist in the development and expansion of private business in foreign countries.

The equivalent of about \$65 million will be reserved for these purposes in agreements negotiated this fiscal year with Colombia, Finland, Formosa, France, Greece, Israel, Italy, Korea, Mexico, Pakistan, Peru, and Turkey.

These funds will be made available to private business firms through the Export-Import Bank of Washington when commodities under these agreements are shipped and paid for and proceeds assigned to the bank.

Currencies are also being used for the payment of United States expenses abroad; for the procurement of military services and equipment for military assistance; for educational exchange programs; for assistance to American-sponsored schools, libraries, and community centers; for the translation, publication, and distribution of books and periodicals; and for the purchase of goods for other friendly countries.

#### PROGRAMING OF COTTON PRODUCTS

Senate bill 3420 to extend Public Law 480 contains an amendment which would require that products manufactured from upland or long-staple cotton be made available for sale under the program so long as cotton is in surplus supply.

We oppose this amendment.

Public Law 480 furnishes ample authority to finance exports of cotton products when this is justified and desirable in the judgment of the Department.

However, we now conduct the cotton products export program which protects the competitive position of the United States cotton industry in relation to the sale of cotton products manufactured abroad from United States cotton purchased at world market prices. The program provides for equalization payments based on the raw cotton content of the product exported.

These payments have been averaging about 6 cents per pound so far this season. They permit the price of cotton products to reflect the export price for the raw cotton content of the products exported.

In addition, the sale of cotton products under title I would more than double the cost of financing the exportation of the cotton content of such products.

We estimate that the value of raw cotton in cotton textile products is less than one-half the value of the textiles.

In some fabricated products, the cost of manufacture is many times the raw cotton content.

We would have other problems resulting from the proposed amendment:

These include the fact that we normally supply raw cotton under title I to countries which have processing capacity to meet their own needs for manufacturing cotton products.



## BARTER ACTIVITIES AND TITLE II

Public Law 480 served to emphasize and strengthen barter operations authorized by previous legislation.

Since July 1954, exports of agricultural commodities from CCC stocks through barter have totaled about \$900 million at market value.

In May 1957, the barter program was revised to assure that each barter contract results in a net increase in United States exports of the commodity involved and to require the payment of interest by barter contractors taking delivery of agricultural commodities before they deliver the materials to CCC. Program procedures were also simplified this past December.

We are concerned that there is considerable sentiment to amend the law to require the Department to revert to the barter program in effect prior to May 1957.

We believe this would be a serious mistake.

The Secretary now has the discretion to determine whether or not barter transactions protect the funds and assets of CCC.

This means that he will barter whenever the same commodities cannot be sold for dollars. To make it mandatory that the Secretary barter when he is offered strategic or other materials will require him to displace dollar sales.

The purpose of Public Law 480 is to increase the disposition of agricultural commodities.

The act provides that title I foreign currency sales should be in addition to usual commercial marketings. This same provision should apply to barter transactions.

Under a barter transaction where the exporter sells the commodity to a foreign importer for dollars and the materials received by CCC come from a third country, CCC is merely accepting materials in lieu of dollars unless the transaction results in a net increase in agricultural exports.

I would like to make it clear that the Department favors the movement of agricultural surpluses through barter.

For example, we are now discussing barter deals to send about 450,000 tons of food grains, principally wheat, to India in exchange for some of her strategic materials; 22,000 tons of wheat to Norway for Norwegian-produced ferrochrome; and 70,000 tons of corn to France for French-produced ferromanganese.

These transactions will result in exports which would not otherwise take place. If they were made without protecting sales that could otherwise be expected, we would merely be accepting materials rather than dollars for these exports.

We would like to record our strong opposition to enactment of legislation which would remove the discretionary feature of the barter program which enables us to protect the funds and assets of the Corporation.

Our recommendations include extension of the title II program, which permits the President to act quickly to relieve distress abroad caused by famine, flood, and other emergency conditions.

I understand that representatives of ICA are here in the event information is needed concerning these activities or other Public Law 480 operations with which they are concerned.

## PUBLIC LAW 480 AND OTHER FARM LEGISLATION

Although we favor extension of Public Law 480 to permit us to use our surpluses in a constructive manner, this disposal program needs to be part of a farm program that will effectively bring the supply of farm products into better balance with market demand.

The program should not be allowed to become a device to postpone needed price support and production adjustments.

Public Law 480 is desirable within the overall objective of expanding markets. However, maintaining a range of support prices which is too narrow to permit the commercial growth of markets needed to absorb our production prevents the needed expansion.

Mr. Chairman, I have attached to this statement several tables, the first of which shows the commodity composition of programs under title I, Public Law 480 agreements, signed July 1, 1957, through April 30, 1958, by countries and by commodities in terms of dollars.

The second table shows essentially the same information but in this case it is in terms of physical quantities: bushels, hundredweights, bales, and pounds.

The third table indicates planned uses of foreign currency under title I, Public Law 480 agreements signed during the present fiscal year. It also summarizes agreements signed prior to the present fiscal year.

(The tables referred to are as follows:)



TABLE I.—Commodity composition of programs under title I, Public Law 480 agreements signed July 1, 1957, through Apr. 30, 1958

[In millions of dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transportation <sup>1</sup>	Market value, including ocean transportation	Estimated CCC cost including ocean transportation
Fiscal year 1958 agreements:												
China (Taiwan)	7.5	2.2		2.8	1.7		1.3		10.5	1.6	12.1	15.4
Colombia					.5	.2	2.5		8.2	.8	9.0	11.8
Finland	3.1			2.9	3.1			1.0	8.1	.9	9.0	11.2
France				22.5	2.5				25.0	.7	25.7	29.6
Greece	11.4	4.7				.6			16.7	3.1	19.8	32.7
Israel	9.3	8.8		.8	.2	10.6	2.1		31.9	3.1	35.0	55.4
Italy				20.7	3.0			3.5	40.4	.8	50.0	78.3
Korea	24.5	15.9							26.6	9.6	28.2	63.5
Mexico		26.6							53.5	1.6	65.4	99.7
Pakistan	36.6		14.4			2.2	.3		7.1	.7	7.8	12.8
Peru	2.5		4.4			.2			109.5	10.1	119.6	177.4
Poland	50.3	12.1		33.9		3.3	9.9		68.9	4.3	73.2	83.4
Spain		5.0		15.8	5.3	1.0	41.8		42.0	4.8	46.8	62.4
Turkey	15.4	3.0				2.2	21.4		13.0		13.0	13.0
United Kingdom					5.0			48.0	62.8	7.3	70.1	98.2
Yugoslavia	37.8			15.1			9.9					
Total agreements, July 1, 1957, to Apr. 30, 1958	198.4	78.3	18.8	112.5	21.3	20.3	89.2	9.6	548.4	61.3	609.7	873.5
Total agreements, fiscal year 1955, 1956, and 1957 <sup>2</sup>	788.0	95.2	150.6	378.5	111.8	22.3	274.8	48.2	1,869.4	225.3	2,094.7	2,952.0
Total, all agreements, fiscal years 1955, 1956, 1957, and 1958	986.4	173.5	169.4	491.0	133.1	42.6	364.0	57.8	2,417.8	286.6	2,704.4	3,825.5

<sup>1</sup> Includes only ocean transportation to be financed by CCC.<sup>2</sup> Dried prunes.<sup>3</sup> Poultry.<sup>4</sup> Fresh, dried, and canned fruits.<sup>5</sup> Reflects changes since previous report due to purchase authorization transactions.

TABLE II.—Approximate quantities of commodities under title I, Public Law 480 agreements signed July 1, 1957, through Apr. 30, 1958

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and veg- etables	Meat	Hay and pasture seeds
	Thousand bushels	Thousand bushels	Thousand hundred- weight	Thousand bales	Thousand pounds	Thousand pounds	Thousand pounds	Thousand pounds	Thousand weight	Thousand pounds	Thousand pounds	Thousand weight
Fiscal year 1958 agreements:												
China (Taiwan)	4, 161											
Colombia		1, 989		16. 5	2, 000	944	8, 000					
Finland	1, 837			5. 4	5, 000		14, 493					
France				132. 4	4, 500					17, 055		
Greece	6, 798	4, 268				4, 304						
Israel	5, 545	8, 117		5. 0	231	45, 987				1882		
Italy				121. 8	4, 000		14, 763	1, 429				
Korea	14, 346	16, 142										
Mexico		20, 484										
Pakistan	21, 851		2, 182			3, 998	2, 001					
Peru	1, 473		672			944						
Poland	28, 936	11, 894		206. 9		33, 069	57, 320					
Spain		4, 826		92. 9	8, 833	4, 723	259, 225					
Turkey	9, 086	2, 825				9, 952	143, 624					
United Kingdom					7, 143					273, 839		
Yugoslavia	22, 145			97. 8			65, 455					
Total agreements, July 1, 1957, to Apr. 30, 1958	116, 178	<sup>1</sup> 70, 545	2, 854	678. 7	32, 134	4103, 921	5564, 881	1, 429	48	81, 776	150, 962	9
Total agreements, fiscal years 1955, 1956, and 1957	470, 311	75, 484	23, 321	2, 503. 8	160, 626	107, 974	1, 784, 191	3, 000		104, 846		
Total agreements, fiscal years 1955, 1956, 1957, and 1958	586, 489	146, 029	26, 175	3, 182. 5	192, 760	211, 895	2, 349, 072	4, 429	48	186, 622	150, 962	9

<sup>1</sup> Dried prunes.	Cheese	Thousand pounds	11, 192
<sup>2</sup> Dried, fresh, and canned fruit.	Butter	Thousand pounds	18, 718
<sup>3</sup> See the following:	Ghee	Thousand pounds	3, 998
	Butter oil	Thousand pounds	2, 017
	Total	Thousand pounds	103, 921

<sup>4</sup> See the following:	Cottonseed and/or soybean oil	Thousand pounds	559, 265
	Tallow and/or grease	Thousand pounds	5, 616
	Total	Thousand pounds	564, 881

<sup>5</sup> See the following:	Cheese	Thousand bushels	70, 545
	Butter	Thousand bushels	30, 564
	Ghee	Thousand bushels	1, 578
	Butter oil	Thousand bushels	27, 472
	Total	Thousand bushels	10, 931

<sup>6</sup> See the following:	Evaporated milk	Thousand pounds	4, 176
	Dried whole milk	Thousand pounds	541
	Nonfat dry milk	Thousand pounds	63, 279



TABLE III.—Planned uses of foreign currency under title I, Public Law 480 agreements signed July 1, 1957, through Apr. 30, 1958<sup>1</sup>

[Amounts are in million dollar equivalents at the deposit rate of exchange]

Country	Total amount programmed (market value in-cluding ocean transportation)	Market development (sec. 104 (a))	Purchase of strategic material (sec. 104 (b))	Military procurement (sec. 104 (c))	Purchase of goods for other countries (sec. 104 (d)) <sup>3</sup>	Grants for multilateral trade and economic development (sec. 104 (e))	Loans to private enterprise (sec. 104 (e))	Payment of United States obligations (sec. 104 (f)) <sup>3</sup>	Loans to foreign governments (sec. 104 (g))	International educational exchange (sec. 104 (h))	Translation and publication (sec. 104 (i))	Information and education (sec. 104 (j))
Fiscal year 1958 agreements:												
China (Taiwan).....	12.1	0.3		6.0			3.0	2.6	4.3	0.5	0.1	0.9
Colombia.....	8.7						2.2	5.8		.8		.2
Finland.....	9.0						2.2	13.1		1.0		.7
France.....	25.7	.5			4.0		6.4	5.0	10.9			1.0
Greece.....	19.8						2.9	5.0	21.0			
Israel.....	35.0	.3					8.7	5.0	12.5			
Italy.....	25.0						6.2	5.4			.5	.4
Korea.....	50.0			41.0			2.0	7.0				
Mexico.....	28.2	2.5					7.1	2.9	13.6	1.2		.9
Pakistan.....	65.4	.7		5.0			16.4	9.9	30.8	1.1	1.0	.5
Peru.....	7.8	.7					1.9	1.2	3.5	.3	.1	.1
Poland.....	119.6		( <sup>2</sup> )					119.6				
Spain.....	73.2	1.0						39.3	32.9			
Turkey.....	46.8						7.0	19.1	18.7			2.0
United Kingdom.....	13.0	3.3						9.7				
Yugoslavia.....	70.1							17.5	52.6			
Total agreements.....	609.4	9.3		52.0	4.0		66.0	264.0	200.8	4.9	1.7	6.7
Uses as percent of total, fiscal year 1958.....	100.0	1.5		8.5	.7		10.8	43.3	33.0	.8	.3	1.1
Total agreements, fiscal years 1955, 1956, and 1957.....	2,088.7	34.9	2.0	244.5	42.7	61.5		500.4	1,168.1	19.9	3.4	11.3
Total all agreements, fiscal years 1955, 1956, 1957, and 1958.....	2,698.1	44.2	2.0	296.5	46.7	61.5	66.0	764.4	1,368.9	24.8	5.1	18.0
All agreements, uses as percent of total.....	100.0	1.6	.1	11.0	1.7	2.3	2.5	28.3	50.7	.9	.2	.7

<sup>1</sup> Amounts shown in this table are subject to adjustment when actual purchases and allocations have been made.<sup>2</sup> Unspecified amount for possible procurement for 3d countries. Amounts shown in this column indicate a specified amount in the agreement for this use.<sup>3</sup> In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under secs. 104 (a), (b), (f), (h), and (i). In some instances, possible uses under sec. 104 (d) are also included in this category. Therefore, estimates based on the best information now available are indicated above under subsecs. (a), (b), (h), and (i). Balances not otherwise distributed are included under subsec. (f). This distribution is subject to revision when allocations have been completed.

Mr. PAARLBERG. We will be very happy, Mr. Chairman, to respond to such questions as your committee might have.

The CHAIRMAN. Mr. Paarlberg, I thank you on behalf of the committee for your statement concerning this very important program.

I should like to ask, first, what is the amount now available under existing authority which has not yet been used?

Mr. PAARLBERG. About \$200 million, which is being held for emergency deals which might come up and a few agreements which are still in the process of negotiation.

The CHAIRMAN. You think it will be well to extend this authority and to grant the increase in the authorization as early as practical?

Mr. PAARLBERG. Yes, indeed.

The CHAIRMAN. On the subject of barter, your comments with reference to that particular program indicate that barter programs operated rather successfully until May 1957. You had disposed of approximately \$900 million worth of surplus commodities in exchange for strategic materials. I recall that on one occasion we asked someone from the Department why all of the barter transactions were interrupted in May 1957. My recollection is that the person appearing at that time indicated that barter transactions had been stopped, or slowed up, for the reason that the Department was of the opinion that such transactions were interfering with normal trade transactions. I asked the witness to indicate to us some cases where that had actually happened. At that time no one was able to give us any indication as to any particular incident where barter had interfered with normal trade.

I should like to say that during the time this program has been in operation I do not recall having received a single complaint from any businessman indicating that the transactions were interfering with normal commerce. Do you have any case in mind, or can you give us any incident where the barter transactions have actually interfered with normal commerce?

Mr. PAARLBERG. I would doubt that the business people would feel that the barter transactions interfered with normal trade in that they themselves operated the movement of these commodities abroad and, of course, their own business flourished under this kind of an operation.

The thing they were not in a position to judge was the fact that dispositions through this particular channel were interfering with other opportunities that might have existed for CCC to sell its commodities for dollars. I think it is only in the overall that there was an interference with normal trade.

I think that we in the Department, who have the overall review of the program, were in a good spot to see that, whereas a private exporter would not be in as good a position to evaluate it.

The CHAIRMAN. Accepting your statement, can you, representing the Department, give the committee any case where you can say safely that a barter transaction interfered with a normal trade transaction?

You think that perhaps in some remote fashion there was some interference, but agreeing with you that a businessman might not be as aware of all of the implications as you are, and assuming that you are aware of all the implications which might be involved in these transactions of magnitude, can you tell us where you think the barter transactions have interfered?



Mr. PAARLBERG. I think this interference occurred in a large number of the barter operations that we had prior to a year ago. I would like to ask Mr. Berger from the Commodity Stabilization Service to elaborate on that point, if he would like.

The CHAIRMAN. Before Mr. Berger answers, I should like him to consider this question: Is it not a fact that before you can consummate a barter transaction, you must first determine that it will not interfere with normal trade?

Mr. BERGER. That is what we are attempting to do now.

The CHAIRMAN. Pardon?

Mr. BERGER. That is what we are attempting to do now.

The CHAIRMAN. I say, in every transaction, if I understand it, we intended that this program would not interfere with normal commerce, and we placed the burden on someone in the Department to determine, first, that it would not interfere with normal commerce, that the surplus commodity shipped into a country would be in excess of the normal imports of such commodities from us. If the determinations are made in advance, it is difficult for me to understand how a transaction could interfere, unless I could assume that you are not infallible, and it may happen in perhaps some instances, there was some slight interference. However, has there been any substantial interference?

Mr. PAARLBERG. I think there has been substantial interference, Mr. Chairman. When we began the barter program we recognized there were opportunities here to move surplus commodities, we recognized the interests of the Congress and this committee in doing as much as we could through this particular means, and we were quite aggressive in trying to move commodities through barter.

After some experience, it was our judgment that, at least a part, and in fact a substantial part, of this barter operation was interfering with the sales that we would otherwise make for dollars.

Because of that judgment and in light of the guidelines specified in the legislation to which you have pointed, we decided to revise our operating rules so as to conform to the spirit as well as to the letter of the law.

Now I might say just this about the way the barter program operated prior to the present system. The effect of it was that we would turn these commodities over to the trademen who would then merchandise them into some particular country, and would receive payment in dollars. With these dollars they would then acquire commodities, strategic materials or whatnot, in some third country which they would turn over to us to compensate us for the wheat or the cotton.

Now obviously, then, these commodities were being merchandised by these tradesmen for dollars in direct competition with the sales that we were trying to make for dollars by CCC.

The CHAIRMAN. Well, those transactions were made for dollars; were they not?

Mr. PAARLBERG. Yes; many of them——

The CHAIRMAN. I am, perhaps, slightly in error about the requirements of the law. Under the barter transactions, perhaps we do not make the determination in advance that the transaction will not interfere. Maybe I am wrong and the law does not require you to make that determination.

Mr. BERGER. That is true. It does for title I transactions, but it does not for barter transactions.

Mr. PAARLBERG. I stand corrected, then, Mr. Chairman, but whether it is in the law or is not——

The CHAIRMAN. I stand corrected. I am the one who was in error, to assume that we made that requirement, but I know we did in one of the sections—title I.

Please tell us how a barter transaction is negotiated and consummated. In other words, is the first sale for dollars and the second sale exchange?

Mr. PAARLBERG. That has been the case in many operations prior to our present methods.

I will ask Mr. Berger to explain how presently this program is operating.

Mr. BERGER. Mr. Chairman, I am quite confident that Congress and many people felt that barter was a very fine program and would move a large amount of our agricultural surpluses. I certainly felt, to start with, that there would be a trading of our agricultural surpluses to a country that had strategic materials that we were interested in putting into our stockpile.

Now that would be a nice, straight barter, we trading our agricultural commodities directly with a businessman in another country that had strategic materials which we wanted for our stockpile. That would be a nice, clean barter deal, and we are still very much interested in that type of barter deal, particularly if it is going to create additional purchasing power in that country and additional purchases of agricultural commodities from us.

The popularity of barter grew and developed rather rapidly. It was not until we began to see some of the effects of the barter program that we issued our May 28, 1956, press release tightening up on it.

In checking on the barter program as previously conducted we found, first, that the interest charge was a very, very bad factor from our standpoint. The barter exporter was able to export our agricultural commodities at an early date. He would get the proceeds from the sale of the commodities 6 months, a year, 3 years or in one case as much as 6 years before he completed delivery of the strategic material to us. During this time he had the free use of the money. We have eliminated the free-interest phase of the program.

The second thing that I noticed in studying the barter program was that 70 to 80 percent of barter commodity exports were to foreign countries which had good, strong currency where we could ordinarily sell the commodities directly rather than under barter. In almost all of these cases the commodities were not going into the countries which furnished the materials.

Third, I began to find that the barter program was creating in these countries to which we sell 70 percent or 80 percent of our exported agricultural commodities through our regular exporting channels a competition against our own sales to people who were buying from us for cash. In other words, if we were selling into, using as an illustration, West Germany, which has a sound currency today—and at the same time a barter contractor was selling into Germany, he was selling at a little discount. Now that discount everyone thought at first was merely a discount against our competitors in the rest of the world turned out to be a discount that was used to compete with our cash sales, and as Executive Vice President of CCC I began to get alarmed. I found the one real reason why the export trade of our



agricultural commodities in the United States was so interested in bartering was that when they took over the barter contract from the man who was selling the strategic materials to us they were able to get a discount and thereby through that discount could sell our commodity into the world market at a lower price. That discount meant that the next time we put up one of our commodities for sale on a competitive bid basis to the rest of the exporters who were selling for cash and did not have a barter contract we received a lower price. In other words, we were operating two competing programs.

The CHAIRMAN. May I interrupt you?

Mr. BERGER. We were cutting our price against ourselves.

The CHAIRMAN. I follow you in that respect. However, can you give us any facts, any case where that actually happened?

Mr. PAARLBERG. Mr. Chairman, here is an actual case, and I think a very good one. In fiscal year 1957 we exported a good quantity of feed grains under barter. To Belgium went 480,000 tons, to Germany 224,000 tons, to Japan 284,000 tons, to the Netherlands 555,000 tons, and to the United Kingdom 544,000. Altogether this makes more than 2 million tons of feed grains. The countries to whom these feed grains were going under the barter program all have fairly hard currencies and are able to purchase for dollars. So it is clear that in the particular case of feed grains we were moving these commodities into these countries and taking, in return, materials when we might have sold for dollars.

The CHAIRMAN. They paid for surplus commodities in dollars, or hard currency, did they not?

Mr. BERGER. Yes.

Mr. PAARLBERG. Excepting, however, under the barter program we wind up with materials instead of dollars for exports of this country.

The CHAIRMAN. You received dollars for the commodities, then you used those dollars to buy strategic materials?

Mr. PAARLBERG. We did not, the tradesmen did.

The CHAIRMAN. You end up with the material you want, that is right, is it not?

Mr. PAARLBERG. Well, we want the material, but we would rather have the dollars than the material. We would rather export for dollars than for—

The CHAIRMAN. GSA, does it not pay for it in the long run?

Mr. PAARLBERG. Yes; we turn it over to them; this is true.

The CHAIRMAN. You receive dollars?

Mr. PAARLBERG. We do, but there is some difficulty involved in storing and handling these strategic materials. They do constitute somewhat of a threat to the market. There is difficulty in releasing them. They have many disadvantages as compared with dollars as a form of payment for our agricultural commodities.

The CHAIRMAN. You cannot release those strategic materials except by authority of Congress, can you?

Mr. PAARLBERG. That is correct.

Mr. BERGER. Mr. Chairman, though, why go to all this trouble when it is being sold for dollars anyway, or a hard currency?

The CHAIRMAN. Would you have been able to have disposed of the same quantity of grain in these various countries you mentioned if you had not had this program?

Mr. BERGER. We think there is no doubt that we could have done so.

I would like to cite, Mr. Chairman, a recent proposal, in cotton, which I was forced to turn down. In Germany a cotton spinner attempted to get the German Government——

The CHAIRMAN. You stopped your barter transactions in May 1957 and this is May 1958. How much have your exports increased in those countries you are talking about?

Mr. BERGER. Mr. Chairman, it is not barter or no barter that makes the difference in the total amount of exports you do, it is the matter of supply and demand, and how much, even with all your programs, you can get in there.

The CHAIRMAN. Does not the record indicate that your exports to those countries have not increased but have decreased?

Mr. BERGER. There are other reasons for it than just——

The CHAIRMAN. What are the other reasons?

Mr. BERGER. The other reasons are just—for instance, in wheat alone there is one country that made a difference of 100 million bushels, in round figures, on the demand for wheat in the European Continent this year, and that was France. A year ago France was, approximately, short of 50 million bushels, and this year she is long 50 million bushels, so she is selling in the world market this year instead of buying out of the world market.

The CHAIRMAN. You mean to say, then, that the barter transactions have carried that effect over into the year 1957-58, and they are not buying now because they bought formerly?

Mr. BERGER. No, I am trying to explain to you there are other factors that make a difference in the amount of material that you can sell into the world market, whether you are bartering for it or whether you are selling it for cash.

The CHAIRMAN. You have not, in fact, a factual situation that you can present?

Mr. PAARLBERG. Mr. Chairman, I would like to give a factual situation. This is with respect to feed grains. For the July to March period of 1956-57 we moved through barter 1,731,000 tons of feed grains. For the comparable period this year we moved only 297,000 tons, which is only a fraction of what we moved a year before. In contrast, our export movement outside of Government programs, that is cash sales, increased markedly. A year ago it was 1,710,000 tons and this year thus far it is 4,721,000 tons. From this it is apparent that while we cut our barter operations to only about 15 percent of what they had previously been, our sales for dollars increased to about 3 times the previous level. So this is a clearcut case where we cut back the barter operation and we expanded the total exports for dollars.

The CHAIRMAN. You have not developed transactions since May 1957.

Mr. PAARLBERG. We have had very few, as I indicated. However, my point is that while we have cut down our barter transactions, this has not resulted in reducing the total export volume of this particular commodity but that has, in fact, increased.

The CHAIRMAN. You mean that your exports of surplus commodities from the United States have increased in 1957 over former years?

Mr. PAARLBERG. This particular commodity, which is feed grains. For feed grains this is true. It is not true across the board.



The CHAIRMAN. You mean the overall exports are in excess of what they were the year before?

Mr. PAARLBERG. No, sir; this is true for feed grains, but not for cotton and wheat—

The CHAIRMAN. I am talking about your overall exports of feed grains.

Mr. PAARLBERG. Yes, sir.

The CHAIRMAN. They are in excess of former years?

Mr. PAARLBERG. Oh, yes, much in excess.

Mr. BERGER. Yes, sir.

The CHAIRMAN. That is the information we wish. What about the other commodities; does the same situation exist?

Mr. PAARLBERG. It is not true for other commodities. On cotton it is down, on wheat it is down, and there is a great deal of variation.

I have a table here, Mr. Chairman, that I will be glad to put into the record, which compares the fiscal year 1957-58 with the fiscal year 1956-57 for a large number of commodities. In the aggregate the total for 1956-57 was \$4.7 billion, and for 1957-58 we are estimating about \$4.1 billion.

Now on the specific commodities, wheat is down from about \$958 million to about \$728 million. Sorghum grains are up from \$35 million to \$55 million. Corn is up from \$226 million to \$245 million. Tobacco is up from \$340 million to \$350 million. Soybeans are up sharply from \$196 million to \$233 million. And cotton, as I indicated, is down from about 7.6 million bales to about 5.7 million bales. So there is a diverse pattern, but the total is down somewhat.

The CHAIRMAN. I do not want any of you to understand that I am complaining. I am simply inquiring. My one interest is to see that we dispose of these surpluses as Congress intended and in a manner which is as advantageous as possible to our economy.

Mr. PAARLBERG. We share that purpose.

The CHAIRMAN. On the transactions which Mr. Berger was discussing, how has your triangular transaction program operated, and what is the magnitude of those operations? Have they been negligible or substantial?

Mr. PAARLBERG. They have not been large. Now in the early years of the program we had a number of triangular transactions, mostly cotton. We were trying then to find every possible way that we could to expand exports. In the past year we have not done very much on triangular transactions for several reasons. Since we put the export sales program into effect for cotton, we have not felt that there was the need to do this. We also have an ample number of requests for title I programs, so that it is not as necessary now to develop complicated arrangements to get the job done, as it was in the early years of the barter program. Hence, the number of triangular transactions certainly is small.

The CHAIRMAN. You mentioned cotton in connection with triangular transactions. Have you not used other commodities other than cotton?

Mr. PAARLBERG. I am not sure. I will ask Mr. Fraser, he would know that better than I.

Mr. FRASER. Under title I we had triangular transactions involving cotton, and one transaction on wheat. ICA, under section 402, does

make use of triangulars, and perhaps they could comment on their operation.

The CHAIRMAN. What department?

Mr. FRASER. ICA.

The CHAIRMAN. Is ICA involved in all of your triangular transactions?

Mr. FRASER. Under section 402 they do use triangulars as a means of disposing of surplus agricultural commodities.

The CHAIRMAN. I am not asking about how their program is operated but how your program operated. How many transactions have you had, and what is the volume involved?

Mr. FRASER. Before the cotton export program went into effect in 1956 and our cotton was priced out of the world market we entered into cotton triangulars, in order to increase exports, with Pakistan, Indonesia, and Burma in which the cotton was delivered to a third country for processing with part of the cotton used to pay for the processing costs. Since the present cotton export program has been in effect our cotton has been competitive, and there has not been the necessity to use this triangular device. We are, however, negotiating a triangular transaction of a somewhat different type with Burma at the present time. Burma will pay the processing costs to the third countries from its own resources, rather than those being paid with part of the cotton provided under Public Law 480.

The CHAIRMAN. You still have not given me much information. What is the dollar volume involved in these transactions? Is it substantial?

Mr. FRASER. I cannot give you the exact dollar figure, but the amount of cotton involved in the Burma negotiations is 80,000 bales.

The CHAIRMAN. In all of the triangular transactions, 80,000 bales. What about feed grains?

Mr. FRASER. The one we have under negotiation currently involves 80,000 bales—

The CHAIRMAN. I am not going into any current authorization because that is something I do not suppose you wish to discuss. I mean, is the dollar volume substantial in triangular transaction, or negligible or what?

Mr. FRASER. I can give you the exact figure, Mr. Chairman, in just a moment.

Mr. Chairman, in the case of Burma the triangular transaction we had with them amounted to \$17.5 million—

The CHAIRMAN. Do you have the overall figure? I do not care about Burma alone.

Mr. FRASER. The total is about \$85 million.

The CHAIRMAN. In other words, about \$85 million has been involved in triangular transactions?

Mr. FRASER. Right, sir.

The CHAIRMAN. How much is involved in military housing transactions?

If you do not have this information you may supply it for the record.

Mr. PAARLBERG. Mr. Berger might comment about the military housing operation.

I believe he made a statement on that just recently, and perhaps covered that point.



Mr. BERGER. The only part that I am directly concerned with is, of course, French housing, which involves the barter deal.

Mr. Chairman, would you like to have me read a statement on the French military housing?

The CHAIRMAN. No, I am not attempting to get into any details on it. Please give us the general idea.

Have you accomplished anything of value under the military housing transactions?

Mr. BERGER. The French military housing project involved in dollar value—about \$50 million for the completion of 2,700 housing units in various sections of France near selected United States military installations.

This is the only commodity housing project of this type under construction at the present time.

The CHAIRMAN. Have you had any others?

Mr. BERGER. How is that?

The CHAIRMAN. Have you had any others?

Mr. BERGER. No, we have not.

The CHAIRMAN. Do you have any others?

Mr. BERGER. If you will allow me, I would like to read the rest of this to give it—

The CHAIRMAN. You may insert that in the record for the committee.

Mr. BERGER. I would like to.

The CHAIRMAN. Some question might come up on the floor as to what has been accomplished in the way of using these commodities to construct military housing abroad by Armed Forces.

(The document referred to is as follows:)

STATEMENT BY WALTER C. BERGER, ADMINISTRATOR, COMMODITY STABILIZATION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you and discuss the participation of the Department of Agriculture in the commodity housing program for metropolitan France.

As you are aware, Public Law 161, 84th Congress, and subsequent legislation authorized the Department of Defense to construct family housing in foreign countries for the use of the United States military forces to be financed either through foreign currencies acquired pursuant to title I of Public Law 480, 83d Congress, the Agricultural Trade Development and Assistance Act, or through other commodity transactions of the Commodity Credit Corporation. Inasmuch as French francs derived from title I transactions were not available for this purpose, it was proposed within the Government that a barter-type transaction be arranged to finance United States military dependent housing in France. At the time that the original proposals were considered, Commodity Credit Corporation had no experience in financing housing construction in this way.

Beginning in 1955 the Department of Agriculture worked with the Department of Defense in tailoring a commodity disposal agreement to meet the Department of Defense housing requirements in France. As finally developed, this arrangement involved a basic contract between the Department of Defense and a French construction firm, the latter to be paid principally in French francs for the work it completed. At the same time, CCC entered into a contract with a commodity dealer who agreed to acquire agricultural commodities from CCC, sell them abroad, and from the proceeds make payments principally in French currency to the French construction company as the building of the houses and facilities progressed. The total project involved a dollar value of about \$50 million for the completion of 2,700 housing units in various sections of France near selected United States military installations. This is the only commodity housing project of this type under construction.

As to the present status of the project, it should be pointed out that there were many problems to be overcome before construction could begin. Our CCC representative for barter in Paris has been required to spend a disproportionate part of his time in helping to iron out these problems. He reports to us that after a slow start, building is going forward at a much more rapid pace. Ten percent of the total estimated cost of the project has already been paid to the builder by our commodity dealer under authorization from the military.

It may be of interest to the committee to know what CCC commodities were exported in connection with this transaction. Under the CCC commodity agreement the commodity dealer acquired from CCC for export about \$46.7 million in cotton and about \$3.3 million in wheat. Because the commodity housing agreement was negotiated prior to the establishment of the revised barter program, the contractor was not obligated to show that the cotton and wheat which he accepted under his contract would add to exports of cotton and wheat from the United States which would otherwise be made. We have prepared a schedule of these cotton and wheat exports which is attached to this statement. This schedule shows that all of the wheat and virtually all of the cotton were sold by the commodity dealer to countries which normally import these commodities from the United States. This being the case, I am forced to the conclusion that the cotton and wheat moving under the commodity agreement for housing in France would have been sold by United States exporters on a dollar basis even if there had been no such agreement. Our experience, on the other hand, leads me to believe that transactions of this magnitude could not be concluded under the revised barter program rules which require a showing that commodities exported will add to net total United States commodity exports.

Under our arrangements with the Department of Defense, CCC will receive reimbursement for its investment from savings in quarters and station allowances which would otherwise be paid to the military personnel occupying the completed housing. Based upon Department of Defense estimates, CCC will not recover its investment in the housing for a period of some 17 years.

During this time, CCC must pay interest to the United States Treasury on the \$50 million which it has tied up in the housing. This interest cost, running to about \$14 million, cannot be recovered from the Department of Defense under existing legislation and will be reflected as a charge against the farm program administered by the Department of Agriculture.

In my opinion, I would be derelict in my responsibilities if I recommended the approval of other housing projects of this kind. In all honesty, I would be unable to state that the funds and assets of CCC were being adequately protected by permitting the export sale of CCC commodities—not for cash—but for a receivable which will not be fully liquidated for a long period of time and on which CCC must pay substantial financing costs.

This does not mean that we in the Department are not fully sympathetic with the desire to construct military housing which will be paid for in agricultural commodities when such arrangements are in the best interests of the Government. In fact, the Secretary of Agriculture stated in a letter dated June 7, 1957, to the Honorable Floyd S. Bryant, Assistant Secretary of defense, “\* \* \* we shall continue to cooperate with you to the fullest extent in seeking ways to finance overseas military family housing projects through the use of foreign currencies generated under title I, Public Law 480, 83d Congress.”



*Deliveries of agricultural commodities, French Housing Contract BSD-FH-57-72*

## WHEAT

Country	Bushels	Value	Country	Bushels	Value
Chile.....	751,653.55	\$1,284,388.00	United Kingdom.....	234,410.83	\$283,637.11
Colombia.....	87,738.20	152,179.08	Venezuela.....	37,050.01	63,550.03
Denmark.....	161,495.15	280,960.17			
Germany, West.....	356,608.01	596,106.01	Total.....	1,988,156.42	3,290,318.40
Peru.....	359,200.67	629,498.00			

## COTTON

Country	Bales	Value	Country	Bales	Value
Austria.....	516	\$58,857.93	Lebanon.....	497	\$72,637.22
Belgium.....	30,318	3,623,498.20	Netherlands.....	7,050	879,356.12
Chile.....	1,768	214,682.77	Norway.....	539	61,988.39
Colombia.....	2,734	354,782.86	Peru.....	160	20,961.61
Cuba.....	501	60,897.05	Portugal.....	3,720	468,312.65
Denmark.....	3,437	400,108.76	Sweden.....	4,992	660,378.51
Finland.....	2,228	277,448.21	Switzerland.....	2,330	258,144.64
Germany.....	55,893	6,713,439.79	Trieste.....	300	33,587.82
Greece.....	776	81,664.96	United Kingdom.....	92,244	11,841,519.09
Ireland.....	503	63,526.93	Uruguay.....	3,438	456,253.54
Israel.....	193	21,916.88	Venezuela.....	104	11,297.59
Italy.....	28,059	3,293,166.44	Undistributed <sup>1</sup> .....	106,240	13,638,057.56
Indonesia.....	800	96,727.39			
Japan.....	24,416	3,030,993.34	Total.....	373,756	46,694,206.25

<sup>1</sup> Exportation to be completed by July 31, 1958.

Mr. PAARLBERG. Mr. Chairman, I have a figure here just given me by Mr. O'Leary.

In addition to the French deal of which Mr. Berger has spoken, the title I military housing activities have been in an amount of \$100 million to date.

Mr. BERGER. That is on title I.

Mr. PAARLBERG. That is on title I.

The CHAIRMAN. Have there been any other countries except France?

Have you had any in Spain, or any other countries?

Mr. O'LEARY. Yes, sir; that is in several countries, including Japan, Spain, Finland, United Kingdom—

The CHAIRMAN. Overall, about \$100 million involved?

Mr. O'LEARY. Yes, sir; of the current title I currencies being used by the military to construct or procure materials for housing.

The CHAIRMAN. Have those transactions all been satisfactorily consummated so far as our Government is concerned?

Mr. O'LEARY. They were a little slow getting started, but my understanding at the present time is that the military is making good progress toward utilizing these funds for housing purposes, and, in fact, could use some additional funds.

The CHAIRMAN. In other words, you are using commodities instead of dollars in places where the American Government has an obligation to provide military houses for our Armed Forces?

Mr. O'LEARY. That is correct.

The CHAIRMAN. I think that is all.

Mr. Hill.

Mr. HILL. Mr. Chairman, I would like to ask just a question or two concerning the extension of the act.

Now, if I understand correctly, that is what we are trying to do here: to extend this act.

Now, in your very first statement on page 1, you are in favor—the Department is in favor—of extending title I as it is for another year?

Mr. PAARLBERG. That is correct.

Mr. HILL. With no amendments?

Mr. PAARLBERG. Well, we do not have a closed mind, Mr. Chairman.

We would examine any proposed amendments. We would not say that the law is beyond any possibility of being improved. We would look with favor on any opportunity to improve the functioning of this law.

Mr. HILL. Then you are not testifying on any particular bill at this time?

Mr. PAARLBERG. We are giving basically our position with respect to an extension, Mr. Hill.

Mr. HILL. On your title II and title III, you take the same position—you might favor amendments, but at the present time you are just testifying for an extension of the act?

Mr. PAARLBERG. That is correct.

Mr. HILL. And the importance of the extension immediately. Is that true?

Mr. PAARLBERG. That is true.

Mr. HILL. Now, another question:

Does the Department favor this extension to be now, and not connected with any other legislation?

In other words, should we hasten this extension, as the Senate has, for a bill of our own—supporting the position the Department will take on the various amendments that we might suggest in hearing?

Mr. PAARLBERG. We would favor early extension.

As I indicated in my statement, we would consider it desirable that extension of Public Law 480 have in association with it changes in the basic legislation that would result in a better balance between our production and consumption of agricultural commodities.

Mr. HILL. One other question:

Why do you feel that this action should be taken immediately?

Mr. PAARLBERG. Because our programing is presently almost at a halt. We have almost used all the authorized funds that we have. We held in reserve only a very limited amount for emergency needs, and we have had to forego several opportunities to develop agreements for moving agricultural products.

A delay will not only make it very awkward to keep a smooth flow of these commodities going, but may result in some actual loss in opportunities to move products.

Mr. HILL. Then it would be your feeling that we should hasten this extension just as quickly as possible through this committee and over to the Senate.

Is that correct?

Mr. PAARLBERG. Yes, indeed.

Mr. HILL. Thank you.

The CHAIRMAN. Mr. Anfuso.

Mr. ANFUSO. I will yield to Mr. Hoeven.

The CHAIRMAN. You may proceed.

Mr. ANFUSO. I have several questions.



Mr. HOEVEN. Mr. Paarlberg, on this matter of extension, I note S. 2420 provides for a 2-year extension.

Mr. PAARLBERG. That is correct.

Mr. HOEVEN. Do you favor such extension, or do you want to limit it to 1 year?

Mr. PAARLBERG. Well, Congressman, we came up in good faith with the recommendation that I have presented to you, namely: extension for 1 year with an authorization of \$1.5 billion for the year.

However, if the House should see fit to extend it for 2 years in the manner that the Senate has done, and if the bill is otherwise acceptable, we would not object.

Mr. HOEVEN. That raises the question, of course, as to whether this is going to be temporary legislation, or whether it is to become permanent legislation.

I know it is the position of the Department that this should be only temporary legislation. However, in your statement, you make reference to the fact that if it had not been for the overproduction in wheat and cotton last year you might have disposed of more commodities. It looks as if we will have some more bumper crops this year.

Does that mean we are still going to consider this as temporary legislation, or are we going to continue the legislation indefinitely to meet our continuing surplus problems?

Mr. PAARLBERG. Well, Congressman, as I indicated in my statement, we think we will be faced with abundant production in the United States for some time to come. I think most people are agreed on that.

We think that Public Law 480 is a big, new approach to this problem. In a sense, we are pioneering with this law.

We think that from time to time, Congress should review the operations of this law to modify it or to change it in accordance with experience that has been obtained. For that reason, we are hesitant to make a rigid, inflexible, long-term commitment.

We do think we will be faced with an imbalance in agriculture for some time to come, and if we could get the needed changes in basic legislation, the period of imbalance would then be less. But, nevertheless, we feel that we have here basically a good law, but we wish to provide the opportunity for a review periodically by the Congress.

Mr. HOEVEN. In other words, as I understand you, we will meet the needs as they arise but that a periodical review should be made by the Congress?

Mr. PAARLBERG. That is quite correct.

Mr. HOEVEN. Personally, I feel that Public Law 480 is one of the best mediums we have for the disposal of agricultural commodities. The record made to date is its best recommendation.

The problem of surplus agricultural commodities is one that we are likely to be confronted with continuously and as long as a program such as Public Law 480 is working to advantage it seems to me that for some little time to come we will be having such a program or a similar program subject, of course, to periodical congressional review.

Mr. PAARLBERG. Except that I would hope and I would think that the surplus would not be continued indefinitely. We do hope to reach a better balance. How soon that could be done, Congressman, I do not think anybody knows.

Mr. HOEVEN. But as long as we do have surpluses we will need Public Law 480 or a similar program in order to meet the disposal problem.

Mr. PAARLBERG. I think, to summarize our position, it is this. We would like to bring about a balance of our production and our utilization, as soon as possible and we work in that direction.

We try to move as many products as we can by commercial sales in order to meet the needs of the world and to get a good return for what we sell.

Now to the degree that we cannot make commercial sales to bring about a balance, then we consider Public Law 480 a very healthful and helpful means of balancing abundant supplies on the one hand with the needs of foreign countries on the other hand.

Mr. HOEVEN. I want to compliment the Department on the very fine record they are making in the administration of Public Law 480; and I also want to compliment Mr. Paarlberg for his enlightening and informative statement.

The CHAIRMAN. Mr. Gathings?

Mr. GATHINGS. Thank you, Mr. Chairman. I just want to follow the line of the gentleman from Iowa and say that I feel that you have presented a very fine and concise statement this morning to this committee and especially, Mr. Paarlberg, I appreciate the tables that you have attached to your statement which show the job that you are doing in the disposal of agricultural surpluses.

I notice from page 1 of your statement that you have not lost sight of the fact that we should bear in mind that these exports should be made on a dollar basis whenever possible. You say that last year about 60 percent of our agricultural exports were made for dollars and I commend you for that.

Mr. PAARLBERG. Thank you.

Mr. GATHINGS. On page 7 of your statement you discuss promotional efforts to dispose of various and sundry commodities and you refer to cotton and poultry and wheat and tobacco.

Will you explain just how these cooperative efforts work? Take cotton as an example. Would you explain that?

Mr. PAARLBERG. I will ask Mr. Fraser to respond to that. He is in charge of that particular part of our operation.

Mr. FRASER. Congressman, I would like to submit for the committee's attention and consideration a pictorial report which the Department published a few months ago on the market development program which describes in some detail that operation.

On the back of this report is a listing of the United States trade groups that the Department is cooperating with in the foreign marketing program.

The program operates in this way. We enter into a contract with a United States trade group, such as the Cotton Council International or the Oregon Wheat League or the Kansas wheatgrowers or the Nebraska wheatgrowers and they are responsible for conducting this work and we make available to them foreign currencies in the country where it is being done.

Mr. GATHINGS. Would you give us an estimate as to what percentage is contributed by these various organizations?

Mr. FRASER. The percentage varies, of course, depending on the resources of the United States trade group.



In the case of the cotton council, they match the contributions, and their foreign cooperators match the contribution made by the Department in foreign currencies.

We do have a minimum percentage which is that the United States trade group should contribute at least 5 percent of the amount contributed by the Department.

Mr. GATHINGS. You say in your statement that about \$45 million in currencies has been tentatively earmarked for agricultural market development under the existing agreements and that approximately \$10 million to date is being obligated for approved projects together with contributions by private trade organizations that are cooperating of \$3 million.

Mr. FRASER. That is against the \$10 million of local currency that has actually been committed, so they have contributed approximately one-third, you see.

Mr. GATHINGS. Yes. This committee deals with quite a lot of promotional work. We recently studied a bill for the promotion of livestock, and so I am glad to see this effort, as long as we can increase the use and consumption of our agricultural commodities.

On the next page of your statement, page 8, you say that about half of the foreign currencies expected to accrue under the existing agreements will be loaned back to the importing countries for use in economic development projects agreed upon with the International Cooperation Administration.

Now, that is an ICA program, so do you think that the ICA should bear a part of the cost and it should not be charged up to the farmers?

Mr. PAARLBERG. Well, under the law the Department of Agriculture is fully restored with respect to commodities shipped under title I, so the Commodity Credit Corporation does not show on its books any loss from title I operations.

In that respect, the books of the Commodity Credit Corporation do not indicate this as a cost chargeable to the operations of the Commodity Credit Corporation. The Department of Agriculture makes a separate accounting of the many programs that we have and, under the method of accounting that we follow in our own computations, a part of the cost involved in Public Law 480 is reflected as the cost of the foreign programs. I would agree with you that it is not appropriate to charge to Agriculture the full cost of these operations.

Mr. GATHINGS. But when you look at it the dollars involved are charged up to Agriculture, although your books reflect it is otherwise?

Mr. PAARLBERG. That is right. This is, I think, sometimes unfortunately presented in an incorrect manner and it is not fully understood by all people. Sometimes it is reported hastily and some people are interested in tacking on to it all the costs that they can possibly scrape up, and there is a tremendous amount of misinformation as to the allocation of these costs, which is unfortunate.

Mr. GATHINGS. Thank you; that is all.

The CHAIRMAN. Mr. Simpson?

Mr. SIMPSON. I would like to ask concerning the disposal of wheat how that affects the International Wheat Agreement and what is the attitude of Canada on our action.

Mr. PAARLBERG. When we sell wheat, this appears in the accounting with respect to the International Wheat Agreement. For some years, Mr. Congressman, the price of wheat in world trade has been between

the maximum and the minimum so in that respect the International Wheat Agreement has not greatly influenced either the price or the volume of American wheat that moves abroad.

It is only when the price tries to break through the ceiling or tries to fall through the floor that the International Wheat Agreement becomes important in influencing the price or the volume. That has not been the case now for some years.

As for the other part of your question, the attitude of other countries, particularly Canada, with respect to these movements, we think that we have made a great deal of progress in properly presenting the effect of our export programs to the Canadians and to other people. We think it is much better understood now than it was.

We think that with our program we are moving these excessive supplies of wheat into use outside of the normal channels of trade, and that we are increasing rapidly the consumption per capita in areas that would otherwise not have wheat.

We are not reducing the amount of wheat that moves into the commercial trade, either in the United States or Canada. It is to the interest of the Canadians and the United States to pull down these stocks and move them outside of the ordinary dollar routes. We are beginning, I think, to make some progress in carrying that point across to the other countries.

Mr. SIMPSON. And it is your opinion that our present unpopularity with Canada is not brought about by the operation of Public Law 480 in disposing of wheat?

Mr. PAARLBERG. I would not say that. I would say there is some misunderstanding in other countries with respect to the manner in which our program operates. I will say that we are making some progress in achieving some better understanding abroad with respect to the effect of our program.

We feel that we are doing a good job and that we are protecting the dollar movement of wheat.

I would not say that this view is shared unanimously in the other countries around the world. I think there is some misunderstanding with respect to the manner and the effect of our surplus sales of farm products under Public Law 480.

Mr. SIMPSON. I understood somebody to say awhile ago that there was one contract for a period of 7 years that has gone through; did I understand correctly?

Mr. BERGER. I believe I made that statement: that there was one, on a particular strategic material in which we were vitally interested, and I am almost sure—I think there was a 7-year contract on that one.

Mr. SIMPSON. Well, why anybody would give 1 for 7 years to repay on, I do not know. The statute of limitations would expire in that long, and I would like an answer.

Mr. BERGER. I do not know the answer to that one.

Mr. SIMPSON. Well, I do not know why any Government agency would do that, for 7 years, as the time in which to repay. That material might go into Communist hands in that length of time, and I cannot understand why the Agriculture Department or the United States Government would give anybody 7 years to repay for something. I cannot get it through my head.



Now, we had testimony before this committee last year to the effect that to dispose of the agricultural surplus would take 9 years to get rid of it. Is that correct?

Mr. PAARLBERG. I do not know how long it would take. It depends on the size of the crops and the size of the crops in the other countries of the world; and it depends on the state of the markets and the level of the price supports, and many other things. So we would not be able to give any precise figures as to the number of years required.

Mr. SIMPSON. Now, about the military housing: There is about \$100 million or \$180 million involved in military housing; in the event of the evacuation of that country by the United States Government forces, would not that military housing revert to that country—is that still correct?

Mr. PAARLBERG. That would vary by the country, Mr. Congressman.

Mr. SIMPSON. There is this military housing question of about \$100 million that is being built, and if we now were to evacuate and leave those countries, does that military housing revert to them?

Mr. PAARLBERG. I will ask Mr. O'Leary the answer specifically on that, Mr. Congressman.

Mr. O'LEARY. That depends on the country, sir.

In some countries when properties are no longer needed by our Armed Forces, then they do become the property of the other country, and that is true of the United Kingdom.

There are other countries where it is the property of the United States Government, and when the military no longer needs it it is sold.

The CHAIRMAN. Take the case of France, where there is construction of military housing now.

Mr. O'LEARY. I do not know what the circumstances will be there.

The CHAIRMAN. My understanding is that when the military leaves, France will own the property. In other words, we give it to them, and nobody here salvages anything out of it.

Mr. BERGER. It is my understanding of the French contract—if I understand it correctly, and I am not a lawyer, and I have not read it for some time, but it is my understanding that the housing will go back to the French Government or the contractor, I do not remember which.

Mr. SIMPSON. There was testimony before this committee last year that the military housing built in foreign countries, when and if evacuated by this country, reverts to that country.

Has anybody tried to renegotiate that or to change it?

Mr. BERGER. I have put in the record a recommendation that we don't do any more of it, because I certainly don't think—

Mr. SIMPSON. Now, talking about this barter, that which we get from the exchange of goods—do we get any funds that go into counterpart funds?

Mr. PAARLBERG. Title I sales generate currency, but in barter they are not generated; in the barter arrangement, we take over the commodity—

Mr. SIMPSON. Then under the surplus commodity disposal—that does not involve any money of counterpart funds?

Mr. PAARLBERG. In title I sales, foreign currency funds are generated, and in barter they are not. They are compensated for in some other commodity.

Mr. SIMPSON. One other question, and I will be through, Mr. Chairman:

I don't know whether you heard about it or not, about this \$400,000 program for a boar-testing station—have you heard about that?

Mr. PAARLBERG. I have no knowledge of that. We will be glad to look into that and report.

Mr. SIMPSON. I would like to know, and I would like to have you present to the committee the circumstances on that \$400,000 boar-testing station in Norway being built, and why Norway will not let any—

Mr. PAARLBERG. We will look into that and make the response.

(The information requested follows:)

We understand from ICA that search of available foreign aid records discloses no foreign aid financing of a boar or hog testing station. This is confirmed by the Norwegian Government which stated to the United States Embassy in Oslo that the hog testing station in Norway was built at a cost equivalent to \$130,000, and that the cost had been defrayed by a combination of Norwegian Government and private funds.

The CHAIRMAN. I have one question.

This allowance, in the military housing, that goes to our Government during the time we occupy the housing, goes to our Government during the time we occupy it?

Is that not true?

Mr. PAARLBERG. That is correct.

The CHAIRMAN. Mr. Albert?

Mr. ALBERT. Is there any concern over the size of the foreign currency balance that has been building up?

Mr. PAARLBERG. There has been concern expressed about the size of this balance.

Mr. ALBERT. Could you put into the record the size of the balance of foreign currency under our account in the various countries?

Mr. PAARLBERG. Yes; we can do that.

(The information requested follows:)

Under agreements entered into from the beginning of the title I program through March 31, 1958, the equivalent of \$1,905.4 million in foreign currencies had been deposited to the United States account as of that date. Of this total, the equivalent of \$760.8 million had been used, or is in the process of being used, leaving the equivalent of \$1,244.6 million on deposit. The amount remaining on deposit in each country is shown below.

The commodity sales agreements specify:

(1) The amounts that the United States may use under subsections 104 (a), agricultural market development; 104 (b), purchase of strategic materials; 104 (d), purchase of goods for other countries; 104 (f), payment of United States expenses; and 104 (h), (i), and (j), information and educational programs; and

(2) The amounts that the United States is obligated to make available under subsections 104 (c), military assistance; 104 (e), grants for economic development and loans to private enterprise; and 104 (g), economic development loans to foreign governments.

Under agreements signed through March 31, 1958, an average of 34 percent of the currencies is earmarked for United States agency uses indicated in (1) above, and 66 percent is obligated for specified uses indicated in (2) above. These percentages vary greatly among countries. This is illustrated in appendix table XII, page 40, Seventh Semiannual Report on Public Law 480 Activities, House Document No. 323.



[Million dollar equivalent]

Country	Balance on deposit, Mar. 31, 1958	Country	Balance on deposit, Mar. 31, 1958
Argentina.....	20.9	Italy.....	53.2
Austria.....	19.0	Japan.....	13.5
Brazil.....	28.0	Korea.....	8.5
Burma.....	19.6	Mexico.....	8.1
Chile.....	30.9	Netherlands.....	.2
China (Taiwan).....	1.2	Pakistan.....	87.8
Colombia.....	8.4	Paraguay.....	.5
Ecuador.....	2.2	Peru.....	2.5
Egypt.....	14.9	Philippines.....	5.0
Finland.....	.9	Poland.....	62.3
France.....	.8	Portugal.....	2.0
Germany.....	.1	Spain.....	138.8
Greece.....	12.9	Thailand.....	2.5
Iceland.....	1.0	Turkey.....	57.0
India.....	275.9	United Kingdom.....	20.7
Indonesia.....	83.6	Yugoslavia.....	224.1
Iran.....	5.3		
Israel.....	32.3	Total.....	1, 244.6

Mr. ALBERT. One other question:

This program has been criticized as having insufficient emphasis on the development of backward countries.

Is that a fact?

Mr. PAARLBERG. Actually, a high percentage of title I exports goes to the less developed countries.

Mr. ALBERT. Thank you.

The CHAIRMAN. Mr. Anfuso?

Mr. ANFUSO. Thank you, Mr. Chairman.

First of all, I want to say that I agree that this act should be extended and, as a matter of fact, such worthwhile results have been achieved by Public Law 480 that I am in favor of extending it for 2 years. That, I think, will permit you to make some very valuable contracts both under title I and title II, and title III.

However, I am constrained to disagree with you entirely with respect to the views expressed this morning regarding barter transactions.

I was happy to read, however, this part of your statement on page 10:

I would like to make it clear that the Department favors the movement of agricultural surpluses through barter.

If that is a sincere statement, then I gather that if you could move agricultural surpluses through barter, that you will do it?

Mr. PAARLBERG. Yes, sir. If we can move additional quantities through barter, we will be happy to do it.

Mr. ANFUSO. In May 1957 you came with a directive which was intended to do exactly what you said now, to the extent that unless somebody could prove to you that additional products could be moved in that direction, then you would raise objections; is that correct?

Mr. PAARLBERG. That is stating it in the negative. We could state it positively, that if we saw an opportunity to move additional agricultural commodities by means of barter, we would do it.

Mr. ANFUSO. Is it fair to state that this directive of May of 1957 has resulted in a decrease of cash sales and certainly a definite decrease of barter sales?

Mr. PAARLBERG. I do not think so. I think it is fair to say there has been a diminution of barter disposals and a sharp diminution,

but I am sure that the change has not resulted in any reduction of dollar sales below what they would otherwise have been.

Mr. ANFUSO. There is no question about the barter sales that once were close to \$1 billion and which are now down to about \$11 million; is that correct?

Mr. PAARLBERG. I think those amounts are correct.

Mr. ANFUSO. So you certainly have dealt a terrific blow to the barter transactions?

Mr. PAARLBERG. We have sharply reduced their—

Mr. ANFUSO. You are acquainted, I suppose, with the report put out by Senator Humphrey dated April 21, 1958?

Mr. PAARLBERG. Yes, sir.

Mr. ANFUSO. And you are familiar with the chart on pages 40 and 41, which shows the decreases in cash sales and also shows definitely the decrease in the barter transactions?

Mr. PAARLBERG. I am familiar with those tables.

Mr. ANFUSO. Do you not think you ought to incorporate those tables if they are correct into this record?

Mr. PAARLBERG. Well, I do not think that those tables in and of themselves correctly interpret the overall situation, Mr. Congressman.

As I indicated on particular commodities such as feed grains, the exact opposite is true of what the Senator was endeavoring to portray with his table.

I think we should recognize this fact, that in the fiscal year which preceded this the total exports of agricultural products through all programs were at an all-time high.

Now, Congressman, this was a consequence of many things. It was a consequence of our own disposal operations to some degree. It was a consequence also of the fact certain countries abroad were refilling their pipelines on cotton, for example, which had been very much depleted.

It was also the result of the closing of the Suez and the stocking up of agricultural commodities in various countries. It was also the result of sharp reductions in crop production in certain areas, particularly wheat in Europe.

All of those things happened to come at one particular time and resulted in this very high total of agricultural exports.

Now, this year, Congressman, we do not have a Suez crisis, fortunately. We are operating on a more current basis with respect to cotton. The crop yields around the world have been a little better than a year ago and, as a result, our total export movement may be down slightly.

So to infer this reduction is the result of curtailing our barter operation, I think, is to attribute to that far more than the facts of the case would warrant.

Mr. ANFUSO. Mr. Chairman, for such as it may be worth, I would like to incorporate into the record the charts referred to at pages 40 and 41 of Senator Humphrey's report.

Mr. GATHINGS (presiding). Is there objection?

Mr. SMITH. Yes; I object.

Mr. ANFUSO. Then I will make those charts available some other time, Mr. Chairman.

Mr. Paarlberg, there is no doubt, as you have already admitted, this reduction of barter—I would like to get into the record whether or



not there has been some justification for it or whether it was a senseless action that has been done which has been injurious not only to America but to allied countries.

You say that you are not opposed to barter and yet you are requiring these people who deal in barter to answer a certain questionnaire or rather to procure what is known as a certificate of additionality. You have heard of that?

Mr. PAARLBERG. Yes, sir.

Mr. ANFUSO. I have one of those here with me and according to this certificate of additionality the dealer who is dealing in barter must obtain a written statement from a responsible official of the importing country, that the commodity to be imported will be in addition to anticipated commercial imports that would be required; is that correct?

Mr. PAARLBERG. That is correct; this is true for countries with which we already have some commercial sales.

Now, in a deal with countries with which we have no commercial sales, we take it for granted that any barter movement will be additional. We do not require that certification in those instances.

Mr. ANFUSO. Now, this rule has been in effect since May 1957. Since that time have you had any complaints that it is virtually impossible to obtain such a statement?

Mr. BERGER. Mr. Anfuso, I can answer that.

The reason we do that is because the barter people go to these countries that have good sound currency and they want to get permission to ship into those countries that are normally buying for cash all that they need——

Mr. ANFUSO. You are wrong, just as wrong as anybody can be because I have an illustration here about which you perhaps do not know, but some of these people are going to come here and testify.

Ordinarily a grain merchant, for example, would commit himself to buying certain commodities from the Commodity Credit Corporation and he would agree to pay a good price for it, even better than on the world market; is that right?

Mr. BERGER. No; he does not pay better than the world market.

Mr. ANFUSO. You say he does not?

Mr. BERGER. No; he pays the same as the man buying for cash.

Mr. ANFUSO. And you say that the price will not depend on the port of export?

Mr. BERGER. Oh, surely, it depends——

Mr. ANFUSO. And don't you demand a high——

Mr. BERGER. Well, a cash buyer can buy at the port on the same day at the same price is what I mean.

Mr. ANFUSO. Of course they can, but they do not.

Mr. BERGER. Of course, they——

Mr. ANFUSO. And in addition to that that man not only does obligate himself to pay at least as much as anybody else but he also agrees to pay the full freight, doesn't he, he has to deliver?

Mr. BERGER. The same as the man who buys for cash, he has to do the same thing.

Mr. ANFUSO. Except in this particular transaction you are getting something which this country needs, he is trying to help this country acquire strategic materials and you are now putting him out of busi-

ness. You say he has no right to try to acquire that strategic material, you do not like the method that he is doing business under.

Mr. BERGER. Congressman, if we need those materials so badly, why does not Congress appropriate the money to buy them?

Mr. ANFUSO. I will answer you on that. I think Mr. Paarlberg hit the nail on the head when he said you would rather have cash. Is that the idea?

Mr. BERGER. That is correct.

Mr. ANFUSO. Now, let me ask you this. Do you know that there was a committee, and it is still in existence, called the Special Stockpile Advisory Committee? I believe you had Dr. Earl Butz on it last year; is that correct?

Mr. PAARLBERG. That is correct.

Mr. ANFUSO. And that committee consisted of outstanding Americans, such as the former Secretary of Agriculture; Admiral Radford; and Gen. Bedell Smith, and other members; and that committee made a report in January 1958 regarding Public Law 480, particularly with regard to the stockpiling of strategic materials.

Do you recall that report?

Mr. PAARLBERG. Yes, I am familiar with that report.

Mr. ANFUSO. And do you recall that in that report it was specifically stated that the committee favored acquiring of these strategic materials, even though they were not considered essential for defense purposes when they can be obtained in exchange for United States agricultural surplus products?

Mr. BERGER. In addition to regular sales?

Mr. ANFUSO. I thought you said you were familiar with the report.

Mr. BERGER. I am.

Mr. ANFUSO. And according to that report and Mr. Paarlberg said he was familiar with it—this committee, not just the Department but this committee, composed of Defense Mobilization and the Department of Agriculture, they favored the acquisition of these strategic materials, even though they were not immediately to be used for defense, and they favored them as long as they could be purchased with our own commodities and not with cash.

Mr. BERGER. Well, why make a barter deal when you can obtain cash?

That is what I am arguing about.

Mr. ANFUSO. Well, all right.

First of all, you answer my question, and then I will answer yours.

Do you believe that it is a fair thing today to acquire these materials for some of our commodities instead of paying cash?

Mr. BERGER. If it is not replacing a cash sale.

Mr. ANFUSO. Well, in all of your testimony, Mr. Berger, you have not once proved that there has been any replacement of any cash sales.

As a matter of fact, isn't it a fact that while this program, this barter program, was going on, and while the barter deals were increasing, your cash sales were increasing at the same time?

Mr. BERGER. That is no proof.

Mr. ANFUSO. Isn't it a fact that these sales were increasing, the cash sales, at the same time that the barter sales were increasing?

Mr. BERGER. Congressman, 70 or 80 percent of our bartered commodities were going into countries in which we can sell for cash



readily and, in the majority of cases did not go to the country in which the strategic material originated.

Mr. ANFUSO. You have no proof that where these sales have been made you could have made these sales—you have no proof of that?

Mr. PAARLBERG. I have some figures that indicate that for the commodity, feed grains, that during the fiscal year 1957, about 90 percent of our exported feed grains were going into such countries as the United Kingdom, the Netherlands, Belgium, France, Germany, and Japan, which are capable of paying in dollars and which did buy these grains for dollars or would have, were they not available on a barter basis.

Mr. ANFUSO. I will check those figures, Mr. Paarlberg.

But you will admit that as far as wheat and corn are concerned, they have materially dropped?

Mr. PAARLBERG. Yes, but, Mr. Congressman, there are many factors besides the barter operation, and I have indicated them.

For instance, there is the size of the crop around the world, and then there was the Suez situation——

Mr. ANFUSO. But my point is that you have ruined the \$1 billion barter business, and that is one thing that that barter business would do: acquire certain essential ores and other strategic materials and, incidentally, it would give work to Americans, and now you are preventing that——

Mr. PAARLBERG. Excuse me, Congressman——

To the degree that these commodities are useful in this country and needed with respect to strategic considerations, there, of course, we have not curtailed the operations; but I submit that it is not sensible to pile up unrestricted quantities of these various commodities far beyond any reasonable need when we could sell the agricultural items for dollars, these dollars then being useful to us in a large number of different ways.

Mr. ANFUSO. Are you referring to the stockpiling of strategic materials?

Mr. PAARLBERG. There are various stockpiles, as you know.

Mr. ANFUSO. Well, of course, Mr. Paarlberg, isn't it a fact that it is a Government policy, and isn't it a fact that Congress has also declared it to be the policy, that we should take these strategic materials in exchange for our surplus commodities?

That is a policy established by the Government and established by the Congress.

Now, that being the case, you should make these transactions, because you are not losing anything thereby. As a matter of fact, these stockpiles, from the information I have received, these strategic materials have already increased in value to the extent of \$57 million.

Mr. BERGER. That we would have to argue, Congressman.

Those values change from day to day, and we do not know what they are going to be next year.

Mr. ANFUSO. Well, Mr. Berger, are you prepared to say right now that these strategic materials, which have been acquired under the barter transactions, have not increased in value to the extent of \$57 million?

Mr. BERGER. I cannot say that, Congressman; but I will say now that at the time this report was made—and Senator Humphrey re-

ported from the report that we made—I presume, there was a gain in the value of the materials that we had in our supplementary stockpile at that time, and, at that time it was true; but that is no sign that it is true today or will be 2 years from now.

Mr. ANFUSO. Well, that was true in April 1958?

Mr. BERGER. That is right. That was a true statement then. When we made it, it was true then. But there is no guaranty it will be that way a year from now.

Mr. ANFUSO. Well, we are talking about this April 21, 1958, report, and today is May the 5th—

Mr. BERGER. Did you say April 1, 1958?

Mr. ANFUSO. April 21, 1958, when this report was made.

Mr. BERGER. Well, we made the report to Senator Humphrey long before that report was published.

Mr. ANFUSO. Well, he published this on April 21, 1958.

Mr. BERGER. I know, but I say that the report that we made to him was last fall.

Mr. ANFUSO. Are you saying it was not true?

Mr. BERGER. No, I am not saying it was not true; I am saying that the report was true at the time we made it, but the market value changes on the commodities from day to day, and it does not mean that it will be the same 2 years from now. It may be that there will be a loss—

Mr. ANFUSO. Well, now, wait a minute—

Mr. PAARLBERG. May I make a comment?

Mr. ANFUSO. Yes, all right.

Mr. PAARLBERG. We are charged, Mr. Congressman, by law, with protecting the funds and assets of the Commodity Credit Corporation. We are also charged by the law with engaging in barter to the degree that barter is consistent with protecting our funds and assets.

If our barter operations result simply in acquiring materials above and beyond the needs of the strategic and critical materials stockpiles and if they result simply in acquiring those materials for which we have no readily acceptable use, and if such acquisitions result in a diminution of dollars, that we could acquire through selling our products, then there is much doubt whether we are really protecting the funds and assets of the Corporation.

Mr. ANFUSO. I understand that you are interested in the funds of the Corporation, but has anybody declared to you from the Office of Defense Mobilization that what these were bringing in was not strategic and was not complying with the law, and was not what the Government wanted? Did anybody say that?

Mr. BERGER. Those are the only things that we have bartered for, up to date.

Mr. ANFUSO. I mean this; this is my point: If what you are bringing in falls within the scope of the law, it is not up to you or anybody in the Department of Agriculture to say, "We have got to have cash."

Mr. BERGER. I must say, as Vice President of the Commodity Credit Corporation, that I cannot agree with that, because I feel that I do have the responsibility to engage in transactions that will protect the Corporation—

Mr. ANFUSO. Just a minute.

You would refuse to accept strategic materials?

Mr. BERGER. I am saying—



Mr. ANFUSO. Will you refuse to accept strategic materials?

Mr. BERGER. For barter—

I will if I feel it is not producing additional sales, if it is taking the place of a cash sale, because then I do not think that I am protecting the interests of the Corporation.

Mr. ANFUSO. Well, so far you have not offered any proof that it is taking the place of cash sales.

Mr. BERGER. Mr. Congressman, I have talked with gentlemen who should know, and I say to them, "Where have you sold your materials?" And they say and admit that they sold them in countries in which they had good, sound currency, 70 to 80 percent of their sales were made—

Mr. ANFUSO. You know, this argument about interference with cash sales seems to me to be facetious, if I may use that word, because—well, as a matter of fact, every cash sale has an element of barter in it. And so I say, what difference does it make how it is done as long as we move these surpluses out and if, by moving out these surpluses, we can help other countries, so much the better.

Mr. BERGER. Here is the one big point I think you need to understand, Congressman. Let me quote from a cable that was sent to the State Department from our Ambassador in Germany the last few days:

Proposed import 5,000 bales United States cotton tied to United States stockpile obtaining Mexican metals. To make cotton attractive to Germany understand it being offered 10 percent below world price. German Government officials raising questions since they must certify incoming agricultural commodities in addition to usual commercial imports. Appreciate pertinent details soon.

Now, there is a situation of where a German textile manufacturer is being offered American cotton on barter at 10 percent less than what he can buy it for in cash in a country where we have perfectly good money.

Now, look at the position it puts me in as the Executive Vice President of the Commodity Credit Corporation attempting to manage this \$14 billion Corporation or approximately that. I am interested in trying to protect the assets of this Corporation. If I had authorized that barter transaction I would immediately have been forced to get enough barter business into Germany, in a good cash country, to meet that price that that one particular man was being offered at that time.

Mr. ANFUSO. Do you expect to make that sale?

Mr. BERGER. I do not; I have turned it down.

Mr. ANFUSO. And do you expect—

Mr. BERGER. Pardon me, Mr. Congressman, but that illustrates the point. I imagine that we will—I do not know but I would imagine that if this one particular man was able to get 5,000 bales at 10 percent less than his competitors, and he may use 5,000 more bales of United States cotton but what position am I in, when I am selling it to all the rest of them for cash—

Mr. ANFUSO. What are you losing when you are obtaining strategic materials by that.

Mr. BERGER. I am losing in this manner: I have more cotton to sell and, if I have to cut the price on cotton that we are selling on the world market, I would actually hurt the assets of the Commodity Credit Corporation because by allowing one seller to cut his price I will have to cut my prices in order to meet—

Mr. ANFUSO. If I understand correctly, you are not cutting the price of that cotton.

Mr. BERGER. No, but I will have to if I continue to sell to others over there.

Mr. ANFUSO. If this barter transaction will make cotton more attractive on the world market——

Mr. BERGER. We have done that already with a general price cut in our export price, but this would be 10 percent below the world market. May I ask you one more question?

Mr. ANFUSO. Sure.

Mr. BERGER. There is no exporter in the United States——

Mr. HILL. Pardon me, gentlemen, but the House is going into session, and we will have to close pretty soon. Mr. Anfuso, are you about through?

Mr. ANFUSO. No. I am not through, but if we have to adjourn, I would be glad to have him come back.

Mr. GATHINGS (presiding). Well, in view of the fact that we are about through with these witnesses, I do not think it would be necessary for him to come back. Maybe we could wind up in a very few minutes.

Mr. BERGER. May I finish my particular statement?

Mr. GATHINGS. Yes, sir.

Mr. BERGER. The only reason that any exporter of agricultural commodities in the United States is interested in barter at all is that he is able to get an arrangement with the man importing the strategic materials into this country, so that he can sell commodities in the world market at a little cheaper price. That is the only reason, and when he sells at a cheaper price, he causes me to have trouble in meeting my own competition that I am allowing through barter when I sell to a man who is willing to do business on a dollar basis.

Mr. ANFUSO. I think you are helping to sell the commodity.

Mr. BERGER. We disagree with you.

Mr. ANFUSO. Let me tell you what the barter transaction really does. It permits us to acquire strategic materials which have the same value as cash and even better value because they have a greater value in time and as a matter of fact it is proven that the value of the strategic materials has increased from—well, increased to the extent of \$57 million more than we have paid for those commodities, and for the commodities which you want to dispose of we have to pay for them in cash but by bartering them we have sold close to 1 billion and today because of your policy, which I can never understand, that has been reduced to \$11 million.

Whom have you helped? Have you helped the Commodity Credit Corporation? Have you helped any of these people by putting them out of business? Who have you helped?

Mr. BERGER. I have helped the American farmer and CCC.

Mr. ANFUSO. How have you helped the American farmer, when you are putting their wheat into the stocks and the warehouses?

Mr. BERGER. Well, we are maintaining, we are not losing that volume——

Mr. ANFUSO. You have just admitted——

Mr. BERGER. You don't give me a chance to finish, Mr. Congressman.



Mr. ANFUSO. As far as wheat is concerned you have made less sales since this directive of May 1957.

Mr. BERGER. Well, the barter has no relationship to it whatsoever.

Mr. ANFUSO. That is what you say, but you have no proof to offer.

Mr. BERGER. I have proof, and I quoted a while ago from one situation which involved France. I used rounded figures and not the official figures, but France a year ago was buying 50 million bushels, approximately, of wheat, and this year has been the seller of 50 million. There is a difference of 100 million bushels in the world demand, in the supply of 1 country that it had to offer—

Mr. ANFUSO. Would you like to take the opinion of experts in the field on the moving of some of these commodities?

Mr. BERGER. Well, I consider myself a little bit of an expert. I have been in the business world all the way through—

Mr. ANFUSO. I was not going to question that, but when did you become an expert in grain feed?

Mr. BERGER. Well, I have been in the grain feed and milling business all of my life except for two periods in Government service. One was during World War II for 2½ years and since I have been under Secretary Benson, which has been since March 15 of 1954.

Mr. ANFUSO. And have you consulted with anybody else in the grain feed business?

Mr. BERGER. Oh, sure.

Mr. ANFUSO. Well, how is it that all of these people—that their statements differ from yours—why do you disagree with them?

Mr. BERGER. Congressman, let me say—most of them are very good friends of mine and they have tried for the last 2 years to convince me I am wrong but they have not been able to do it.

Mr. ANFUSO. That is it, somebody is stubborn, there are all these people disagreeing with you—

Mr. BERGER. Maybe somebody is a good manager—

Mr. ANFUSO. This is too serious a problem to be joking about, Mr. Berger. With all of these people disagreeing with you, and all of these people have tremendous investments and all of them have been put out of business because you disagree with them—

Mr. BERGER. Congressman, I would say that I would be very much concerned if that were true. They have been making money out of it, no doubt about that.

Mr. ANFUSO. Well, you are not objecting to that, are you?

Mr. BERGER. Absolutely not, I am a great believer in the free-enterprise system and I believe in private industry making money.

Now, however, I am the executive vice president of the Commodity Credit Corporation and I have that role to fill.

Mr. ANFUSO. Isn't it a fact, Mr. Berger, that by the ingenuity of those people and because of the fact that they are such expert salesmen and because they have put so much effort into this, they have brought into this country strategic material which otherwise would have gone into Communist hands? Would you disagree with that?

Mr. BERGER. I cannot argue that point. I would think that would have to be discussed in executive session.

Mr. ANFUSO. Well, it certainly is a very serious point. If, for example, and this is an illustration and we will not name any names or even the material involved, but if they are mining something in Mexico—and I think that you know what I am talking about—

Mr. BERGER. I think I do.

Mr. ANFUSO. And as the result of this policy of yours we have closed down this mine in Mexico and put out the people who are processing that, put them out of business—and this is a very vital strategic material——

Mr. BERGER. The only thing I can say is that when it comes to the domestic processing, I personally was about to sign 1 contract for \$40 million worth of barter business in which 80 percent of the cost was for the domestic processor. I have a hard time visualizing how that was creating any additional purchasing power anyplace in the world for agricultural surpluses.

Mr. ANFUSO. Well, what I think you have to decide——

Mr. BERGER. And I would hate to think that the farm program——

Mr. ANFUSO. Well, you cannot look at this in dollars and cents. I think that you must realize and appreciate the security of our country and you must realize the friends that we are trying to make by this kind of a barter program, and it has helped many countries; you would not deny it has helped many countries?

Mr. BERGER. Personally I do not think it should be up to the Department of Agriculture to run a price-support program on commodities, other than agricultural.

Mr. ANFUSO. Well now, if you are against the program that is another story, if you are against the simple proposition of acquiring strategic material, then there is another forum for that, you can take it up with the President of the United States.

Mr. DIXON. Would you yield?

Mr. ANFUSO. I am not through, but because of the shortness of time I will stop.

Mr. DIXON. On this point, is it not true that barter in the case of lead and zinc which terminated largely because the ODM—was it not because they said they had a 5- or 6-year supply of that?

Mr. BERGER. Well, that is the time limit that they had, yes, but we are still bartering for some lead and zinc to fill up the present quotas.

Mr. DIXON. And is it not true and I believe you testified that the processing was accounting for 80 percent of the cost of many of these commodities and is it not like throwing out the baby with the bath water?

Mr. BERGER. That is my impression of it as a full blooded businessman; yes.

Mr. DIXON. And is it not true that there are other abuses that you as an honest official will not go along with?

Mr. BERGER. That is true.

Mr. DIXON. I don't know whether I could recall the abuses but I believe that one of them was that exporters were operating on United States money——

Mr. BERGER. That we closed off May 28, 1957.

Mr. ANFUSO. Well, let us speak about these abuses, since they have been brought up. When these people sold these strategic materials they did it on the bid basis, didn't they?

Mr. BERGER. What do you mean?

Mr. ANFUSO. Well, the strategic materials are sold on the bid basis, in other words, at the best price that you can obtain?

Mr. BERGER. The best price—the price had to be O. K.'d by General Services Administration.



Mr. ANFUSO. By General Services, that is right, they had to O. K. them; but there was no abuse there?

Mr. BERGER. Well, I wouldn't think so.

Mr. ANFUSO. Is there an abuse when they brought in the commodities—let me rephrase that—was it an abuse when they disposed of surplus commodities?

Mr. BERGER. No abuse there——

Mr. ANFUSO. You admit those surplus commodities were at least bought on the world prices?

Mr. BERGER. That is true.

Mr. ANFUSO. And they paid as much as anybody else?

Mr. BERGER. That is correct.

Mr. ANFUSO. And in some cases they claim they paid more.

Mr. BERGER. That I doubt.

Mr. ANFUSO. And they had to move it themselves and they had to pay for it themselves.

Mr. BERGER. Everybody does, the cash dealer has to do that.

Mr. ANFUSO. All right. And the Commodity Credit Corporation cannot claim abuses there, can they?

Mr. BERGER. That is correct.

Mr. ANFUSO. And I don't know what these abuses are, and if they brought into this country strategic material which we need and if we are getting rid of our surplus—where is the abuse?

Mr. BERGER. Well, will you explain then why the cotton exporter should offer cotton in Germany at 10 percent less than the world price or the price at which he buys from us, the cash basis, just because he is getting the barter contract?

Mr. ANFUSO. If you will put that statement in the record, I am sure that we will give you a satisfactory answer.

Mr. BERGER. Well, I quoted from the cable——

Mr. ANFUSO. You do have a statement from somebody and I would like to be furnished with a copy and then I am sure that you will be given a proper and sufficient answer.

Now, did not all of this come about because of a complaint from Canada?

Mr. BERGER. Not as far as we are concerned, it was just looking after our own interests that made me make the decision that I have.

Mr. ANFUSO. You say you decided this on a cold-blooded business basis?

Mr. BERGER. Yes, sir.

Mr. ANFUSO. And is not the result of your decision to help Canada; is not Canada helped by this decision?

Mr. PAARLBERG. It is helping us, Mr. Congressman, to make sales for dollars.

Mr. ANFUSO. Well, the question I asked was, wasn't the result of your decision to help Canada?

Mr. PAARLBERG. I would say that the major effect was to help ourselves, and that was the purpose of it.

Mr. ANFUSO. That may have been your intention but the result did help Canada, and let me tell you how it has helped Canada, as a result of this curtailment, whereas 411 million bushels were shipped for export of wheat, that has been reduced to 299 million bushels or roughly 30 percent, whereas Canadian sales of wheat alone have increased 750,000 tons and this means, Mr. Berger—and this is important, these

sales include sales to Red China and within the last few weeks, large sales to East Germany as well as over 200,000 tons of wheat to Russia—whom are we helping?

Mr. BERGER. Well, that follows when Canada breaks down to obtain that additional volume selling to those countries, when we are not—I think they have a right to increase their tonnage—

Mr. ANFUSO. I think, Mr. Berger, that you better reexamine your position and certainly the Department of Agriculture ought to reexamine their position because I feel very deeply about this barter and I think that you are hurting our friends and you are hurting this country and you are only helping feed countries like East Germany, Red China, and Russia. That is all, Mr. Chairman.

Mr. GATHINGS. Any more questions?

Mr. DIXON. Yes, Mr. Chairman, thank you.

Mr. Paarlberg, on page 8 of your testimony you say:

About half the foreign currencies expected to accrue under existing agreements will be loaned back to importing countries.

Mr. PAARLBERG. Yes, sir.

Mr. DIXON. Are they all short- or long-term loans?

Mr. PAARLBERG. Most of these are long-term loans.

Mr. DIXON. Have there been any short-term loans that have been paid off by those foreign countries?

Mr. PAARLBERG. I think some funds have come in—I will ask Mr. Fraser.

Mr. FRASER. The Treasury, of course, is receiving these funds and I understand the first payment against the loans will be made in the very near future.

Mr. DIXON. Are they paid back in United States dollars?

Mr. FRASER. The agreements vary, but in most cases repayment can be on an optional basis with a lower rate of interest for United States dollars and a slightly higher rate for their own currency.

Mr. DIXON. At the bottom of that page you say:

Currencies are also being used for the payment of United States expenses abroad; for the procurement of military services and equipment for military assistance; for educational exchange programs.

Do you have data showing the number of people on those exchange programs over the last 3 or 4 years?

Mr. PAARLBERG. We will be glad to supply that.

Mr. DIXON. What is your offhand estimate; can you make one?

Mr. PAARLBERG. That it has increased.

Mr. DIXON. Do you think that is a very profitable program, according to the people in the administration?

Mr. PAARLBERG. I do.

Mr. DIXON. Would you say it is increasing materially?

Mr. PAARLBERG. I do not have the exact figures but my understanding is it is increasing materially. I think that Mr. Fraser can comment on that.

Mr. FRASER. Mr. Gabbert is here from the State Department and he might comment on that point as to whether the educational exchange program has been increasing in recent years.

Mr. GATHINGS (presiding). Mr. Gabbert, would you give us your full name and your position in the Department of State, for our record?



Mr. GABBERT. Howard M. Gabbert, Assistant Chief, Commodities Division, Department of State.

I believe that is the case. The Department of State considers this to be one of the most important phases of Public Law 480.

I also understand that the people concerned with this program from our educational exchange service will submit statements on the operations of this particular phase later this week.

Mr. DIXON. May I ask if you have inquiries or requests for more of these exchange people than you can satisfy under your program?

Mr. GABBERT. I do not have the exact figures on that but I do know that during consideration of the various country programs, where we have to slice up the local currency pie in a given country's program, there is usually a request for more currency for this purpose than is available.

Mr. PAARLBERG. Mr. Congressman, we have some figures here with respect to the number of grantees.

In 1956 the number was only 23. In 1957 it was 290. In fiscal year 1958 it will be 841, and for 1959, the grantees will exceed 1,300; so it is increasing very rapidly.

Mr. DIXON. I am delighted at that report and I congratulate you on it.

Do we have any reliable comprehensive statement of the activities, of the foreign educational activities in the United States so that a Congressman can read that and know just what is going on about those foreign exchange activities?

Mr. GABBERT. I understand such a statement is now being prepared.

Mr. DIXON. Is that Dr. Quattlebaum's report for the Library of Congress?

Mr. GABBERT. Well, this particular report is being prepared by the International Educational Service of the Department.

Mr. DIXON. I think it would be important to have something like that and very valuable because all of the American universities need something like that and they do not have such information.

Mr. PAARLBERG. I might add, Mr. Congressman, that we are reviewing in the Department possible amendments to Public Law 480 which would facilitate the use of foreign currency funds for translating scientific works prepared in other countries concerning agriculture and other subjects. We look with favor on the use of foreign currencies for such purpose.

Mr. DIXON. I think that is one of our most direct approaches to peace. One or two other brief questions.

Are payments in kind helping you, and that goes for the barter program—

Mr. PAARLBERG. That is the program Mr. Berger has commented on—

Mr. DIXON. As I understand, where an exporter, for instance ships corn, we will say, and he is marketing it for \$1 but if we reduce it to 90 cents in order to move it, there would be a 10-cent leeway which we would pay—would that be paid back in corn rather than money?

Mr. BERGER. We will pay for it with a certificate which will be payable in any of the feed grains, corn, grain sorghums, barley, oats, or the like. That program is going in effect on corn next Monday, May 12. We planned to start it today but we delayed it 1 week and it will start Monday, May 12, and on the other feed grains it will start July 1.

Mr. DIXON. What do you think will be the effect of that, and why?

Mr. BERGER. I think it will do two things. No. 1, it keeps all of the grain from going into the Commodity Credit Corporation and then out again. The grains this country exports will be bought by the trade in the country and we feel that it will make a stronger market for the farmers. The only grain CCC will be selling for export is the grain through the certificates and barter.

Mr. DIXON. Those certificates will come out of the Commodity Credit Corporation?

Mr. BERGER. That is right.

Mr. DIXON. And the other will not?

Mr. BERGER. That is correct.

Mr. DIXON. And that will be an advantage?

Mr. BERGER. That is right; I think it will be a decided advantage. It will put the trade back into business where they should be and I believe it will work out satisfactorily. It does create a new problem for us in handling our inventories but I believe we will be able to solve it.

Mr. DIXON. Do you think perhaps it would be a wise thing to do for you to put in the record a statement on the barter program which will constitute the reasons for your trying to go out of it?

Mr. BERGER. I would be very happy to do that.

Mr. DIXON. And you do not think it would violate any—

Mr. PAARLBERG. We would stay within appropriateness in making that, of course.

Mr. DIXON. I ask consent, Mr. Chairman, for them to do that; and also that the Department of State be permitted to give us more detailed information on the effect of this foreign educational exchange program.

Mr. GATHINGS. Without objection. Have you concluded?

Mr. DIXON. Yes.

Mr. GATHINGS. I would like to have this report from the United States Department of Agriculture under date of May 2, 1958, having to do with reports on barter contracts and exports for the January-March 1958 period, be incorporated in the record.

(The statement referred to follows:)

UNITED STATES DEPARTMENT OF AGRICULTURE,  
Washington, May 2, 1958.

#### USDA REPORTS ON BARTER CONTRACTS AND EXPORTS FOR JANUARY-MARCH 1958 PERIOD

The United States Department of Agriculture reported today that barter contracts valued at \$12,700,000 were negotiated by the Commodity Credit Corporation under the revised barter program in the January-March 1958 quarter. This compares with barter contracts of \$104,722,000 for January-March 1957, and \$272,600,000 for the full fiscal year 1957. How much have dollar sales gone up as the result of this cut back in barter?

These barter contracts provide for the exchange on an equivalent value basis of CCC-owned agricultural commodities for strategic materials.

Agricultural commodities exported by barter contractors totaled \$7,408,000 (85,554 short tons) for the January-March 1958 period. Commodity exports under barter in the period were: Wool, \$3,110,000 (5,627,000 pounds); wheat, \$2,856,000 (1,504,000 bushels); barley, \$600,000 (730,000 bushels); corn, \$577,000 (551,000 bushels); other, \$265,000 (4,662 short tons). Barter exports had a value of \$83,129,000 in the January-March 1957 period and \$4,700,000 in the full fiscal year 1957.

Strategic and other materials delivered to CCC by barter contractors during the January-March 1958 quarter had a value of \$33,500,000 in comparison with \$55,128,000 for January-March 1957 and \$252,000,000 for the fiscal year 1957. As



As of February 28, 1958, strategic materials acquired through barter and held in CCC inventory pending transfer to the stockpile with reimbursement to CCC were valued at \$174,427,365. Of this total, materials valued at \$168,220,446 are to be transferred to the national stockpile and the remainder, having a value of \$6,206,919, to the supplemental stockpile created by section 104 (b) of Public Law 480, 83d Congress.

CCC will continue to barter its agricultural commodities for both strategic and nonstrategic materials required by other Government agencies within the framework of the barter program announced in press releases dated May 28 (press release USDA 1686-57) and December 24, 1957 (press release USDA 3795-57). Among the strategic materials for which CCC will currently consider barter proposals are: Antimony, asbestos (amosite), bauxite (Jamaica, Surinam, and refractory), chromite (refractory), copper, fluorspar, (metallurgical), lead, manganese (battery-synthetic dioxide, chemical type A, and metallurgical); mica (muscovite block, film and splitting, phlogopite splittings); palladium (inventory stock only—producer must be named), silicon carbide (crude), and zinc.

CCC's ability to conclude barter arrangements depends at any one time upon such factors as requirements, existing commitments, market conditions, and assurances that exports from the United States of the agricultural commodities will be in addition to usual United States marketings. Therefore, the fact that a material can be considered by CCC does not necessarily mean that it will be procured.

In response to inquiries by interested United States firms as to the status of the proposed barter transaction with India, the Department of Agriculture states that negotiations between the Governments of India and the United States are being continued in an effort to find a mutually agreeable basis upon which the proposed exchange can be carried out through private United States firms.

Offers of materials and requests for further information should be addressed to the Barter and Stockpiling Division, Commodity Stabilization Service, United States Department of Agriculture, Washington 25, D. C.

*Status of barter program as of Mar. 31, 1958<sup>1</sup>*

CONTRACTS NEGOTIATED FOR

[Value in thousands]

	Strategic materials	Nonstrategic materials	Total
July 1 to Sept. 30, 1957.....	\$400	0	\$400
Oct. 1 to Dec. 31, 1957.....	5,200	0	5,200
Jan. 1 to Mar. 31, 1958.....	12,700	0	12,700
Fiscal year 1955.....	259,400	\$22,400	281,800
Fiscal year 1956.....	304,500	11,300	315,800
Fiscal year 1957.....	207,900	64,700	272,600
July 1, 1949, to Mar. 31, 1958.....	861,900	134,200	996,100

MATERIALS DELIVERED TO CCC<sup>2</sup>

[Value in thousands]

July 1 to Sept. 30, 1957.....	\$44,400	\$1,200	\$45,600
Oct. 1 to Dec. 31, 1957.....	41,300	3,900	45,200
Jan. 1 to Mar. 31, 1958.....	30,800	2,700	33,500
Fiscal year 1955.....	61,500	21,100	82,600
Fiscal year 1956.....	168,300	9,000	177,300
Fiscal year 1957.....	250,300	1,700	252,000
July 1, 1949, to Mar. 31, 1958.....	668,400	75,400	743,800

See footnotes at end of table, p. 48.

## AGRICULTURAL COMMODITIES EXPORTED (JANUARY TO MARCH 1958)

Commodity	Quantity (thousand units)	Percent of total value (percent)	Export value (thousand dollars)
Wool (pounds).....	5,627	42.0	\$3,110
Wheat (bushels).....	1,504	38.5	2,856
Barley (bushels).....	730	8.1	600
Corn (bushels).....	551	7.8	577
Other (short tons) <sup>3</sup> .....	5	3.6	265
Total.....		100.0	7,408

<sup>1</sup> All quantities and exchange values are based on operating records and are subject to adjustment upon final accounting.

<sup>2</sup> CCC is protected, when exports of commodities exceed deliveries of materials, through deposit of cash or irrevocable letters of credit by contractors in favor of CCC.

<sup>3</sup> Includes grain sorghums, oats, cotton, rye, nonfat dry milk, and butter.

Mr. GATHINGS (presiding). Off the record.  
(Discussion off the record.)

Mr. GATHINGS. The committee will stand adjourned until 10 o'clock tomorrow morning at which time the farm organizations will be heard.

(Whereupon at 12:25 p. m. the hearing adjourned to reconvene Tuesday, May 6, 1958, at 10 a. m.)

(The following letter was submitted to the committee:)

UNITED STATES DEPARTMENT OF AGRICULTURE,  
COMMODITY STABILIZATION SERVICE,  
Washington, D. C., May 28, 1958.

Hon. HAROLD D. COOLEY,  
*Chairman, House Agriculture Committee,  
House of Representatives.*

DEAR CONGRESSMAN COOLEY: During my testimony before your House Agriculture Committee on May 5, 1958, I promised to send you an explanation of the reasons which motivated us in changing on May 28, 1957, the rules governing the disposal of surplus agricultural commodities through our barter program. This letter will, I hope, assist your committee in understanding what we believe was wrong with the old barter program and why we felt it necessary to establish new barter regulations.

To understand what we did and why we did it, a general explanation of how we acquired minerals and metals in exchange for agricultural commodities under the old program is necessary. Prior to May 28, 1957, through public announcements, Commodity Credit Corporation indicated that it was prepared to receive offers from private United States firms to furnish certain specified foreign-produced strategic and critical materials in return for an equivalent value in CCC-owned commodities. We still use this method of inviting barter offers. Barter contracts negotiated on the basis of these offers permitted the agricultural commodities to be delivered to the contractor before he delivered the strategic and critical materials to CCC. While requiring the barter contractor to export the agricultural commodities he received for his materials, the contracts permitted such export to any friendly foreign country. Although the minerals and metals had to be produced abroad, processing of some of the ores in the United States was allowed. These were the principal features of the old barter program which we subsequently changed.

Over the course of our barter operations, from time to time we were told by the trade and by our foreign agricultural attachés that barter commodities were sometimes being offered in the world markets at discount prices. Illustrative of such discount prices is information we recently received that a barter contractor, in response to a Brazilian invitation for bids on wheat, had offered to supply United States wheat on either a cash or a barter basis. The barter wheat was offered at \$10 per ton less than the cash wheat.

It has been argued that the competitive advantage enjoyed by barter commodities stimulates agricultural exports. However, such a price advantage can only serve to drive down the world price of agricultural commodities. Agricul-



tural commodities moving under barter are in competition, not only with agricultural commodities from other countries but with agricultural commodities exported from this country through normal channels of trade. This can become a vicious circle. To the extent that the domestic market price is influenced by the price at which exporters can sell in world markets a lower price will result in order to meet the competition of the same commodity originating through barter.

In seeking to determine to what extent barter exports might be displacing normal dollar sales, we first ascertained the countries and areas to which agricultural commodities were going under our barter contracts. We found that most of these commodities were moving not to the countries supplying us with the minerals and metals but to those countries which normally purchase a large part of their commodity requirements from us on a dollar basis. For example, during the fiscal year ending June 30, 1957, about 73 percent of the wheat exported under the barter program went to hard currency countries that have a long history of wheat purchases from the United States. Admittedly, these facts did not prove beyond question that normal dollar export sales were being displaced by barter exports. They did provide very persuasive evidence that the exports represented by barter would have taken place on a cash basis were it not for barter.

In order to minimize the displacement of United States cash exports of agricultural commodities by barter, we decided to require that a barter contractor must provide us with a reasonable showing that the commodities exported under his barter contract would add to, rather than partially displace, United States dollar exports of the commodity involved. To assist barter contractors, we published a list, identified as the group I list, of those friendly foreign countries to which, on the basis of our studies, barter commodities could be shipped without any reasonable possibility of their interfering with the regular cash markets for our commodities. As to other friendly countries which did not appear on the group I list, we required the barter contractor to obtain from an official of the government of the country receiving the commodity a statement to the effect that the barter import would not displace anticipated imports of the commodity from the United States on a dollar basis.

That barter commodities were being sold in the world markets at lower prices than nonbarter commodities caused us to inquire how such discount sales were possible. The first and most obvious reason was the free use by the barter contractor of the proceeds of the sale of barter commodities. For example, under a barter contract running for 2 years involving the exchange of \$1 million in agricultural commodities for an equal value of chrome ore, the barter contractor, by taking the agricultural commodities and selling them shortly after the signing of the contract would have the interest free use of approximately \$1 million for financing his other operations until such time within 2 years as he elected to deliver chrome ore under his barter contract. This free use of \$1 million gave to the barter contractor an advantage not enjoyed by the cash and credit purchaser of commodities from CCC. It permitted him to sell the barter commodities at lower prices than the cash or credit purchaser could offer. Under our revised barter program we think we have corrected this inequity by requiring barter contractors to pay CCC interest from the time commodities are delivered to them until the commodities are paid for with materials.

It is our feeling that the barter program should be self-sustaining in the sense that foreign purchasing power should be generated by the procurement of materials which could be used for the purchase abroad of the agricultural commodities delivered to the barter contractor in payment for the materials. If foreign purchasing power were not generated, then the foreign purchases of agricultural commodities under barter would be more likely to displace normal cash sales of commodities. Under the old barter program, processing of foreign ores in the United States was allowed in some cases. Processing costs represented a sizable part of the value of such processed material eventually delivered to CCC. To the extent of processing costs accruing in the United States, no foreign purchasing power was generated. Therefore, in revising our barter program rules, we provided that materials delivered under barter contracts must be both produced and processed abroad.

The legislative authorities for exchanging agricultural surpluses for strategic and other materials convince us that the primary purpose of barter is to provide a means of moving additional United States agricultural commodities into world markets. Other reasons advanced for barter are, in our view, not sustainable

unless they meet the test of moving additional commodities. We are aware that other reasons have been urged with such vigor as to becloud this basic purpose. Many of the minerals and metals procurable under barter are in surplus world supply. To contract for these metals and minerals without regard to moving additional agricultural commodities, as we did before we changed our barter rules, might appear to provide some relief for domestic materials producers suffering from lower cost foreign competition. However, to remove such competing foreign produced minerals and metals from the market at best probably provides only a temporary price stabilization for domestic producers. The artificial barter outlet can only serve to stimulate additional foreign production, increase existing surpluses, and further depress world prices. We cannot solve the price support and surplus removal problems of our domestic agriculture by attempting to take on those same responsibilities for a much wider field of material production throughout the world.

Very truly yours,

WALTER C. BERGER, *Administrator.*



## EXTEND PUBLIC LAW 480

### Agricultural Trade Development and Assistance Act of 1954

TUESDAY, MAY 6, 1958

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D. C.*

The committee reconvened pursuant to adjournment at 10 a. m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will be in order, please.

Mr. Robert W. Downs, State president, Arkansas Farmers Union. Is Mr. Downs present?

(No response.)

Mr. John C. Lynn, the American Farm Bureau Federation.

#### STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR; ACCOMPANIED BY GEORGE J. DIETZ, DIRECTOR OF INTERNATIONAL AFFAIRS; AND HERBERT E. HARRIS II, ASSISTANT DIRECTOR, INTERNATIONAL AFFAIRS, REPRESENTING THE AMERICAN FARM BUREAU FEDERATION

Mr. LYNN. Mr. Chairman, we have a prepared statement and I would like to file it for the record and brief it, if I may?

The CHAIRMAN. Without objection, you may file your statement.

(The document referred to is as follows:)

#### STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION WITH REGARD TO S. 3420, EXTENSION OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT (PUBLIC LAW 480)

Presented by John C. Lynn, Legislative Director; George J. Dietz, Director of International Affairs; and Herbert E. Harris II, Assistant Director, International Affairs, May 6, 1958

The American Farm Bureau Federation appreciates the opportunity to present to this committee its recommendations regarding Public Law 480, the Agricultural Trade Development and Assistance Act.

The 1954 policies of the AFBF stated:

"Surplus farm products that cannot be sold abroad for dollars should be offered for sale and export through private channels, under limitations determined by the Secretary of Agriculture, in exchange for local currencies."

Based on this policy Farm Bureau vigorously supported the Agricultural Trade Development and Assistance Act. This act was passed by Congress and signed by the President in July 1954. It was designed as a 3-year program, and \$700 million was authorized for sales for foreign currency.

At its inception, the three main objectives of the Public Law 480 program were (1) to reduce surpluses by making possible sales of farm products in addi-

tion to the normal dollar sales; (2) to establish private trade channels for sales of farm products which could be continued with dollar sales after the termination of the program; and (3) to use part of the currency received from such sales to develop new markets or expand existing markets for farm products. In our opinion these objectives are still sound. There is no reason to alter them.

In 1955 and 1956 Farm Bureau supported legislation which increased the original \$700 million of foreign currency sales to \$3 billion. In 1957 Farm Bureau recommended to Congress a further extension for 2 years and an increased authorization of \$1 billion for fiscal year 1958.

Our 1958 policies state in part:

"\* \* \* We recommend that this law be extended and adequate funds provided. We believe, however, that this program should be terminated as soon as our agricultural surplus situation will permit. Public Law 480 was designed as a temporary program to help relieve problems caused by unrealistic domestic farm programs. It is not a permanent solution nor a satisfactory substitute for trade for dollars.

"Sales for foreign currency must not replace sales for dollars. Public Law 480 sales efforts should be directed toward those countries which lack sufficient dollar exchange to purchase our farm products."

Based on the above policy, the American Farm Bureau Federation board of directors at its January meeting, made the following specific recommendations: "We recommend extension of Public Law 480 for 2 years, and that funds be provided as follows: \$1,250 million for fiscal 1959, \$750 million for fiscal 1960."

The original law establishing Public Law 480 prescribed a temporary program with a 3-year limitation. While it has been necessary to extend the law beyond this period, Farm Bureau has emphasized that it is imperative to recognize that Public Law 480 is a temporary program. Congressional committee reports on these extensions also have emphasized this point.

The report from the Committee on Agriculture of the House of Representatives (Rept. No. 432, dated May 9, 1957): "This committee would remind those in charge of administering this law that it is not intended as a permanent part of either our agricultural or our foreign trade program. It is an emergency law designed for the sole purpose of making the best of a bad situation by providing for the disposal of agricultural surpluses in a manner which will return some benefit—if possible, a permanent benefit—to the United States."

We must now show our intent by gradually tapering off the money authorized for this program.

Agricultural exports in fiscal year 1956-57 amounted to \$4.7 billion. About 42 percent of our exports moved under direct Government programs such as sales for foreign currency, gifts, and barter (title I of Public Law 480 accounted for 19 percent). Sales for dollars increased by \$648 million with cotton sales under the cotton export subsidy program accounting for 75 percent of the increase. Dollar export sales of wheat were also subsidized (see attachments).

If we include the exports made possible by subsidizing the sales price, it is estimated that about 70 percent of our exports were the result of some form of government assistance. These data are alarming. We feel that it would be extremely unhealthy for American agriculture, if these conditions continue over a protracted period of time.

#### SHOULD PUBLIC LAW 480 BECOME PERMANENT?

Farm Bureau thinks that it should not. A program of sales for foreign currency can benefit American agriculture only for a limited length of time before markets start orienting to this way of doing business. The trade becomes acclimated, as it were, to such sales. In short, customer nations start to consider the Public Law 480 operations as a normal part of commercial trade. There are indications that this situation has already developed in some instances. We view with serious concern evidence that some countries are adjusting their dollar exchange so that very little of it is used for the purchase of American farm products. They are taking for granted that they will be able to purchase a substantial portion of their food and fiber needs from the United States with local currency.

In our statement supporting the beginning of the Public Law 480 program in 1954, Farm Bureau stated in part:

"\* \* \* but in so doing, we must always guard against policies that would indicate to our foreign customers that we have in mind some 'giveaway' scheme for agricultural commodities. We believe that if the executive branch of the



Government and the Congress should adopt such a large-scale 'giveaway' policy it would impair our firm dollar sales of agricultural commodities."

We must always keep in mind that American farmers, for the most part, compete directly with United States industrial exports for scarce dollars and not with foreign agricultural producers.

Many countries of the world are engaged in state trading of one form or another. If our foreign customers assume that they can continue to obtain their food and fiber needs with local currencies, they will certainly not be interested in spending scarce dollars for these agricultural commodities. They will undoubtedly direct a substantial portion of these scarce dollars for the purchase of United States industrial equipment.

There are further indications that some countries are requesting Public Law 480 agreements before attempting to purchase American farm products through other means. Sales for foreign currency should be utilized to increase total agricultural trade, not to replace trade through regular channels. Programs are available which provide favorable terms of credit for the purchase of United States food and fiber. Foreign customers should be encouraged to fully explore Commodity Credit Corporation credit sales, Export-Import Bank loans, and other credit facilities before being offered commodities under the Public Law 480 program. United States representatives at all levels should make this crystal clear to all foreign customers. Agreements under this act should be recommended only where there is strong evidence that sales can be made in no other manner or that total food and fiber consumption will be increased.

These factors make it imperative that in extending Public Law 480, Congress should indicate that it is a temporary measure and that a more permanent basis for trade should be developed.

Foreign countries or domestic producers should not come to depend on "easy sales" through this program. There is some evidence that American agriculture is becoming too dependent on Public Law 480 and similar type programs.

We have been very successful in moving substantial portions of agricultural commodities into export markets but, at the same time, we have not been successful in removing the Government incentives for surplus production. As a consequence, United States farmers have continued to produce in excess of effective market demand.

When Public Law 480 was passed on July 10, 1954, CCC had titles or held loans on about \$6 billion worth of agricultural surpluses. Almost 4 years later, as of March 31, 1958, agricultural surpluses amounted to about \$7.3 billion. In short, we have had to run very fast in our export program to stand still (and perhaps lose a little ground) in our surplus situation.

Objections from competitor nations whose friendship and cooperation is necessary to the United States have not been infrequent. Some of these nations are very good customers of American farmers. However, many have recognized that our serious surplus situation required programs to move substantial portions of United States production into the export markets. In 1954 Farm Bureau stated, "\* \* \* To indiscriminately dump or give away these huge Commodity Credit Corporation stocks would be very disruptive to our efforts in developing a coalition of free nations for mutual defense." These competitor nations have been willing to accept such programs as a temporary means of alleviating our surplus problem. We can expect adverse reactions from them unless we begin to show our firm intention of preventing sales for foreign currency from becoming a long-term means of exporting American farm products.

#### FOREIGN CURRENCY

Under title I of Public Law 480 we have programed over \$2,675 million of foreign currency. Congress is familiar with other programs such as section 402 of the Mutual Security Act, under which we have accumulated additional amounts of foreign currency. The utilization of these foreign currencies must be carefully handled. Public Law 480 was never meant to be a program under which the United States simply went through the motions of taking foreign currency for farm products and then turning it back to the recipient nation. Such a practice amounts to little more than pure giveaway. To date, the United States has programed approximately \$1.4 billion worth of loans for economic development. We have made grants in excess of \$61 million. We must recognize that with these vast accumulations of soft currency, Public Law 480 cannot be extended indefinitely without completely changing the nature of the program. A sale for foreign currency that cannot be properly programed is a giveaway. Farm Bureau is opposed to giveaway programs.

## BARTER

The Farm Bureau's 1958 policies state:

"Our essential raw materials stockpiling program should be continued with proper safeguards. Surplus farm products should be traded under Public Law 480 and otherwise, for essential materials that may be stored indefinitely without deterioration. Security stockpiles should be isolated from normal domestic requirements and use only in case of national emergency."

It seems to us to make good sense to barter surplus farm products which deteriorate and which require large storage costs for strategic materials with minimum storage and deterioration losses. There can be little argument as to our long-time needs of such materials as nickel, magnesium, copper, tungsten, etc., in order to meet the requirements of an expanding American economy in future years. Domestic production does not even approach our present needs.

We recognized at the time the Department of Agriculture suspended barter operations a year ago that there was good cause to take a hard look at this program. Of course, it is essential that the barter program be administered so as not to cause hardships to other nations of the free world. However, when the Department issued the announcement of the new barter regulations on May 28, 1957, Farm Bureau expressed its concern and stated its belief that the new rules would greatly restrict barter transactions and, in fact, would tend to destroy the program.

The USDA and the CCC should not bear the whole weight of the barter program. It should be a program of all the administrative agencies of the Government designed to strengthen the position of the United States. The vast expenditures being made, for example, by the Department of Defense and the International Cooperation Administration for materials produced in foreign countries could be replaced in part by barter.

Congress recognized this fact in Public Law 480 and directed such agencies to cooperate in barter activity. Approximately \$11 million worth of farm products were bartered in this manner during fiscal year 1956, \$65 million worth in fiscal year 1957, and from July 1, 1957, to March 31, 1958, there have been no farm products bartered in this manner. Obviously barter transactions could be used to a greater extent in this field.

The following table illustrates the serious decline in the barter program but also the encouraging increases during the present 6-month period:

*Barter contracts negotiated*

[Millions of dollars]

Fiscal year	July- December	January- June	Total 12-months period
1955.....	95.4	186.3	281.7
1956.....	49.1	266.7	315.8
1957.....	147.5	125.1	272.6
1958.....	5.6	<sup>1</sup> 21.3	<sup>1</sup> 26.9

<sup>1</sup> To date.

We earnestly believe that it is possible under existing laws to develop an effective and realistic barter program within proper safeguards. In view of the continued large surpluses of certain agricultural commodities, it seems imperative that every effort be made to accomplish this.

We do not feel any change of the barter provisions in the existing law is required or is advisable. We urge this committee to make clear in its report that an effective barter program should be implemented within proper safeguards and that all governmental agencies are expected to cooperate in this endeavor. We feel that in such a manner it is possible to export farm products over and above our normal dollar exports and at the same time stockpile very scarce minerals and other materials in critically short supply.

RECOMMENDATIONS

We wish to make the following recommendations concerning the provisions contained in S. 3420:

- (1) Substitute the following for the first section:



"That Section 103 (b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress) is amended to read as follows:

"(b) Agreements shall not be carried out under this title which will call for appropriations to reimburse the Commodity Credit Corporation pursuant to subsection (a) of this section, in amounts in excess of \$6,000,000,000; *provided*, that agreements shall not be entered into (1) in fiscal year 1959 which will call for appropriations to reimburse Commodity Credit Corporation in amounts in excess of \$1,250,000,000, and (2) in fiscal year 1960 which will call for appropriations to reimburse Commodity Credit Corporation in amounts in excess of \$750,000,000."

The present provision in S. 3420 sets up an open-ended authorization of \$1.5 billion. We feel that this can be construed as an effort to make a fundamental change in the characteristics of this law. Moreover, it seems to be an attempt to make foreign currency sales a permanent program.

If funds authorized for the current fiscal year are not sufficient to meet the needs under the standards set forth in this statement, we will not oppose a supplemental authorization for the remainder of this fiscal year.

(2) Section 2 of S. 3420 authorizes additional uses for foreign currency generated under title I sales. There have been other proposals which would add even more authorized uses. We believe that this multitude of possible uses for foreign currency will make agreements under this act more and more difficult to negotiate. We are concerned that Public Law 480 will gradually be turned into the very thing that will completely pervert its original intent—namely, a pure giveaway program, to the complete exclusion of agricultural market development.

(3) Amend section 6 of S. 3420, line 6, by deleting the following provision: " \* \* \* products manufactured from upland or longstaple cotton shall be made available for sale pursuant to the provisions of title I of the Act as long as cotton is in surplus supply \* \* \*"

This provision was offered from the floor of the Senate as a clarifying amendment. We believe it would set up a program never envisaged for Public Law 480, namely, the selling of textiles for foreign currency. It is obvious, for example, that the total cost of a shirt represents a very small amount of cotton and would be a tremendously expensive method of moving cotton surpluses. Such a precedent could have no end, opening the door to innumerable requests to bring manufactured goods under the provisions of this so-called emergency agricultural export program. If hides were in surplus, shoes might be included.

We earnestly urge that in extending Public Law 480 (The Agricultural Trade Development and Assistance Act), Congress adopt the above recommendations.

#### DANGERS OF THE WORLD FOOD BANK

The American Farm Bureau Federation is opposed to any world food bank scheme under the United Nations. The dangers are real: (1) The United Nations is a political body. It is, therefore, necessarily subjected to political intrigues. The Soviet bloc is a vigorous and powerful force in this organization. We should not allow American farm surpluses to be controlled by the United Nations or any similar control world body. (2) A world food bank would unavoidably centralize control of world prices and markets. (3) It would have a disruptive effect on international commerce.

#### MUTUALLY ADVANTAGEOUS TRADE

The true objective of the American farmer should be expanded dollar markets. Farm Bureau supports a 5-year extension of the reciprocal trade agreements program with the authority remaining with the President of the United States.

Farm Bureau considers the Reciprocal Trade Agreements Act more fundamental to the development and maintenance of foreign markets than such temporary programs as sales for foreign currencies under title I of Public Law 480. It is also preferable to a permanent policy of large appropriations for so-called economic aid, paid for by the taxpayers.

Unless we permit our foreign customers to sell, and earn dollar exchange, the goal of expanded dollar markets for American farm products will not be attained.

## ATTACHMENT I

*Agricultural exports, fiscal year 1957*

[Millions of dollars]

Commodity	Total exports	Exports under Government programs <sup>1</sup>	Outside of programs	Percentage under Government programs
Wheat.....	958	655	303	68
Feed grains.....	361	227	134	63
Rice.....	190	134	56	71
Rye.....	91	9	82	10
Cotton.....	1, 115	525	590	47
Livestock products (dairy).....	700	240	460	34
Vegetable oil and oil seeds.....	455	135	320	30
Fruits and vegetables.....	363	25	338	7
Tobacco.....	340	30	310	9
Other.....	151	20	131	13
Total.....	4, 724	2, 000	2, 724	42

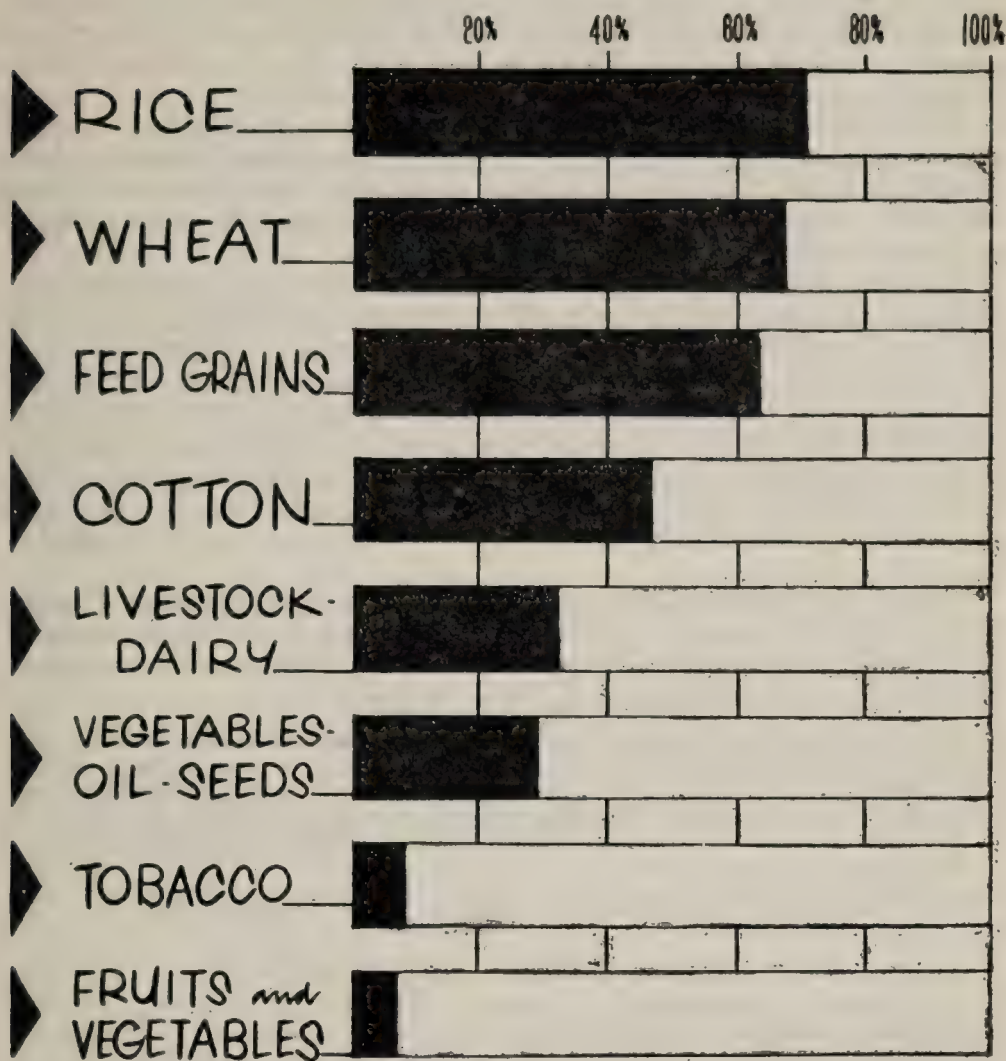
<sup>1</sup> Programs: Public Law 480, all titles, mutual security 402, Export-Import Bank loans (only \$70,000,000).

Source: U. S. Department of Agriculture.



# FARM EXPORTS UNDER GOV'T. PROGRAM\*

Fiscal Year **57**



\* P.L. 480 MUTUAL SEC. EX-IM-BANK

Mr. LYNN. I have with me Mr. George Dietz, who is director of international affairs department, and Mr. Herbert Harris, his assistant, who will assist me in the presentation or answering any questions that you might have.

You know, Mr. Chairman, and most of the committee members know, that we had a great deal to do with the inauguration of Public Law 480. We are quite proud of that fact—that with the cooperation of members of this committee we could make a contribution to increasing exports of agricultural commodities.

We think the three objectives that we have outlined on page 1 of this statement, and which are in the original statement we made to this committee on this subject, are still very appropriate, namely: (1) to reduce surpluses by making possible sales of farm products in addition to normal dollar sales; and (2) to establish private trade channels for sales of farm products which could be continued with dollar sales after the termination of the program; and (3) to use part of the currency received from such sales to develop new markets or expand existing markets for farm products. In our opinion these principles are still sound as they were at that time.

This program started out, as you know, Mr. Chairman, as a very modest program of \$700 million, but it has continued to grow. Unfortunately the surpluses have been coming in at a faster rate than we have been able to scoop them out, even with the big scoops that we have had, such as the Public Law 480 program.

We have always considered Public Law 480 as a temporary program, as one designed to help alleviate our surplus situation and at the same time develop some permanent markets. However, there is some indication that it is becoming a very permanent type program. Now we would like to make specific recommendations that this program be extended for 2 years, and on page 2 we specify the amounts that we recommend: \$1,250 million for the fiscal year beginning July 1, 1958, and \$750 million for the fiscal year beginning July 1, 1959. We think it is necessary to show our intention or tapering off this program.

Not quite a year ago this committee in its report, in House Report No. 432, which is quoted at the bottom of page 2, we think summed up our feeling about this thing better than we have been able to state it, when you said in your report, dated May 9, 1957:

This committee would remind those in charge of administering this law that it is not intended as a permanent part of either our agricultural or our foreign trade program. It is an emergency law designed for the sole purpose of making the best of a bad situation by providing for the disposal of agricultural surpluses in a manner which will return some benefit—if possible, a permanent benefit—to the United States.

Well, certainly we heartily concur in this statement by this committee.

We see a lot of evidence that there are some moves on foot to make this program a permanent program. We cannot prove it, but we have strong suspicion that a great many of the countries, who could otherwise buy our agricultural commodities for dollars are becoming too dependent on these easy sales for local currencies and are saving their dollar exchange to buy commodities other than agricultural commodities, such as automobiles and refrigerators and so forth. We are not against those countries buying these items, but we do have some information that would seem to indicate we ought to stop, look, and listen—when we find finance ministers abroad, as reported to us, taking into consideration pretty well what they can expect to get under Public Law 480 and making out their budgets accordingly. I am simply suggesting, Mr. Chairman, that we could easily get into a rut by overusing Public Law 480, and get so accustomed to these easy sales, and get our customers so accustomed to these easy sales, that it will prove to be a liability rather than an asset. We are not critical of those who have been administering the law—we think they have



done a good job—but it is a very natural thing, since we have a tremendous pile of the agricultural surpluses and are having very little success in cutting the pile down, to make the sales even more easy than the law intended for them to be made. Because this law is supposed to be an additionality law, our original thinking behind this idea—and I think it is clear in the written language—was this: If X country has been buying \$15 million worth of, let us say, cotton from the United States, and they were running a little short of dollars, we say, “Now, if you will buy, continue to buy, \$15 million worth of cotton from the United States, we will let you have \$10 million worth of cotton for your local currency.” What I am saying, Mr. Chairman, is I am afraid that in some cases we have been saying, “Well, we will let you have the \$25 million for local currency,” and not requiring them to spend their dollars for them.

The CHAIRMAN. Do you have any evidence of that?

The reason I am asking is that I have asked the Administrator and other representatives of the Department if these transactions under Public Law 480 were interfering in any way with normal commerce. They think some transactions have interfered with normal trade, but they have not given me any satisfactory proof. You explained our intentions quite well in the last statement you made. If these transactions are displacing normal trade, interfering with private business, it is time for us to stop, look, and listen. We have not had any proof.

Mr. LYNN. Well, Mr. Cooley, as you know we depend upon the Department of Agriculture and the Department of State and those people for our information, as you do. I think Mr. Earl Butz, former Assistant Secretary of Agriculture, in his testimony before the Senate committee last year, certainly gave some clear indication of cases where this was true, but he did not name names and countries and places, and we cannot do that either. But we have talked to a lot of agricultural attachés, for example, who are stationed here in the United States, and some of our own attachés abroad, and we have a clear indication that this may be true. We would simply suggest, Mr. Chairman, that the committee ought to take note of this, and we should do everything we can to make sure that this does not happen because 5 years from now it might prove detrimental to agriculture, and our ability to export for dollars.

Skipping over now, to discuss the use of the foreign currency, we think this foreign currency that has accumulated as a result of Public Law 480 transactions and other soft transactions could prove to be a great liability to the United States if it is not handled correctly. We see evidence that there are a lot of easy credits, or almost giveaway programs, being worded out with these countries as they negotiate the agreements under this act. We believe that this currency that is accepted under Public Law 480 sales should be handled very astutely, almost as if it were dollars, recognizing that it is not as good as dollars but making sure that we do not accept yen, for example, for rice or wheat or cotton and then simply turn around and give it to the Japanese for any and all kinds of projects.

Now this may sound overly critical of the administration of this program, and we do not intend to be; we are simply saying that there is some evidence that this currency—local currency, that is—accu-

mulating under this program is not being used to the best advantage in promoting trade, peace, and good will. We ought to watch this very carefully or else we get into the problem of simply giving the currency back to these countries, which after all would simply turn this into a giveaway program.

Now moving to this barter section of the law, there is a lot of controversy with regard to this particular section. The operation of this is not all black or all white. We are for barter. We believe it is good business on the part of the United States that wherever we have a surplus agricultural commodity, and we know we are very short of many, many minerals and strategic materials, we think it is good business on the part of the United States to exchange these surplus agricultural commodities for these strategic and critical materials.

The CHAIRMAN. May I interrupt you? Mr. Lynn, did you hear the testimony of the Administrator?

Mr. LYNN. Yes, sir.

The CHAIRMAN. All that indicates to me is that the Department is no longer interested in barter transactions, and the Senate has a provision, or did have a provision of a bill—I am under the impression that it was unanimously reported by the committee—which made the barter transactions mandatory. I do not know how they could very well operate under a mandatory barter provision.

Mr. LYNN. That was knocked out of the Senate bill on the floor.

The CHAIRMAN. By a very close vote. It indicates the interest of the Agriculture Committee of the Senate, and the Senate itself. There have been some discussions about this committee reporting a mandatory barter provision.

Mr. LYNN. We would not so recommend.

The CHAIRMAN. I have some misgivings about it. I do not know how a mandatory provision could possibly operate.

You heard the Department's testimony yesterday, which indicated they were no longer interested in any substantial barter transactions. I thought the program had operated very well. We had disposed of \$1 billion worth of surpluses in exchange for strategic materials. Last May, a year ago, they discontinued the barter program.

Mr. LYNN. I can insert in the record, if you would like, Mr. Chairman, a letter which we wrote to the Secretary of Agriculture, the Under Secretary, on June 3 of 1957 after this announcement was made, expressing our great concern and fear that this announcement would greatly curtail the barter program.

The CHAIRMAN. Do you have a copy of the letter you wrote the Department?

Mr. LYNN. Yes, sir.

The CHAIRMAN. Without objection, you may insert it in the record. (The letter referred to is as follows:)

JUNE 3, 1957.

Hon. TRUE D. MORSE,

*Under Secretary of Agriculture,*

*Washington, D. C.*

DEAR TRUE: We were quite interested and somewhat disturbed about the press release of the Department of Agriculture dated May 28 outlining the new policies with regard to barter programs. As you know, the American Farm Bureau Federation has supported the principle of barter, and we have pointed out on numerous occasions that we believe it is in this country's best interest to expand our stockpile of strategic and critical material. We believe that a



part of the agricultural surplus can be used to good advantage in carrying out this program.

There can be little argument as to our long-time needs of such materials as nickel, magnesium, copper, tungsten, etc., in order to meet the needs of an expanding American economy in future years. Domestic production does not even approach our present needs.

Our 1957 policies read as follows:

"Our essential raw materials stockpiling program should be continued and expanded. Surplus farm products should be traded, under Public Law 480 and otherwise, for essential materials that may be stored indefinitely without deterioration."

We recognized at the time the Department of Agriculture suspended barter operations that there was good cause in that a great deal of CCC funds were being tied up in materials for future deliveries to the extent that might impair the capital structure of CCC. We were very much for the Department of Agriculture taking a look at the program. However, we are somewhat disturbed after reading the announcement of May 28 with regard to the revamped program under which CCC will continue to exchange surplus farm products for strategic and other materials from foreign countries.

We believe that some of the rules and regulations will greatly restrict the transactions, and in fact will tend to destroy this program. For example, it is a little hard for us to think of any country to which we might export wheat that is not included in the list on page 3 of the news release. Many of these countries need our wheat and it will be very difficult to determine the replacement concept.

The American Farm Federation is not asking for any specific changes in the new rules and regulations at this time, however, we will watch the operation of this program very carefully and will be prepared to make specific recommendations if the volume of agricultural commodities moving under this program is reduced as drastically as we feel it will be under these very stringent rules and regulations under which it must now operate.

This country's need for critical and strategic material, together with our continued accumulation of agricultural surpluses would seem to make it advisable to implement an effective barter program. The United States Department of Agriculture and the CCC should not bear the whole weight of this program, but this should be a program of all the administrative agencies of government, designed to strengthen the position of the United States.

We will be happy to discuss with you, and other people in the Department, in greater detail, our policies with regard to this matter.

Sincerely yours,

JOHN C. LYNN, *Legislative Director.*

Mr. LYNN. And we followed this with another letter of November 8 indicating our concern still because we had seen the figures—we would put that in the record if you would like.

The CHAIRMAN. Yes; you may insert that in the record.

(The letter referred to is as follows:)

AMERICAN FARM BUREAU FEDERATION,  
Washington, D. C., November 8, 1957.

HON. TRUE D. MORSE,

*Under Secretary of Agriculture,*

*Washington, D. C.*

DEAR TRUE: You will recall that on June 3 we wrote you concerning the barter program, and expressed our concern over the new regulations issued by the Department of Agriculture. We felt at that time that some of the new rules would greatly restrict barter transactions. We have continued to watch the program very closely and it seems apparent that the new regulations have, in fact, caused the barter program to cease being an important factor in the export of surplus farm products.

As you know, approximately \$316 million worth of farm products was bartered in fiscal year 1956. Approximately \$273 million worth was bartered in fiscal year 1957. However, since the issuance of the new regulations on May 28, 1957, less than one-half million dollars' worth of farm products has been bartered. This compares with over \$64 million bartered during the same period in 1956. We support the premise that proper safeguards should be utilized to prevent

barter transactions from displacing sales for dollars. However, we feel that proper safeguards need not jeopardize the entire barter program.

We repeat our view that it makes good sense to barter farm products which deteriorate and which require large storage costs for strategic materials with minimal storage and deterioration losses. We recognize that there is, at present, a reassessment of the stockpiling program being made by an advisory committee. It is possible that a determination will be made that the United States requires very little additional strategic materials in the stockpile. However, we do not believe this should mean an end to the barter program.

The vast expenditures being made, for example, by the Department of Defense and the International Cooperation Administration for materials produced in foreign countries, could be replaced in part by the barter program. As you know, Congress recognized this and directed such agencies to cooperate in barter activities in Public Law 480, the Agricultural Trade Development Act. Approximately \$11 million worth of farm products were bartered in this manner during fiscal year 1956 and \$65 million worth in fiscal year 1957. We believe these figures represent a small percentage of the materials which could have been procured through barter if proper emphasis had been given to this program. It is a matter of special concern that between July 1 and September 30, 1957, there has been no farm products bartered in this manner.

We recognize that this matter goes beyond the scope and authority of the United States Department of Agriculture; however, it is our hope that the responsible officials in the Department will take leadership in helping determine a sound long-range policy with regard to this program.

We earnestly believe that it is possible to develop an effective and realistic barter program within proper safeguards. In view of the continued large surpluses of certain agricultural commodities, it seems imperative that every effort be made to accomplish this.

We would be happy to discuss with you in greater detail our policies in regard to this matter.

Very truly yours,

JOHN C. LYNN, *Legislative Director.*

The CHAIRMAN. Mr. Hill has a question.

Mr. HILL. On page 6, Mr. Lynn, you say that there can be little argument as to our longtime needs of such materials, and you especially mention some we in the West are interested in.

Mr. LYNN. Yes, sir.

Mr. HILL. That is magnesium, copper, and so forth—especially the so forth.

Now am I to understand that the Farm Bureau, the national farm organization, wants to support trading or bartering that will put all of our mineral operation in lead and tungsten and copper, and so forth, out of business?

Mr. LYNN. Oh, no, sir. We are not for putting any of our mining people out of business.

Mr. HILL. But we are, though. Let's not say we are not. Most of them are closed down. Almost every mine in my area is closed down today. I am sorry he is not here this morning, but in Congressman Dixon's State they mine zinc with a steam shovel, and if you can imagine ore being mined cheaper than that anywhere in the world, I would like to know the place. And they are practically out of business. Now they are out of business because we can get this material cheaper by shipping it into the United States than that mine can operate. Now there is a place somewhere along the line where we should draw the line. Now where would you suggest?

Mr. LYNN. I think you have a good point, Mr. Hill, and we have no intention of destroying these mines. The barter provisions of Public Law 480 set aside these minerals that are bartered under this program and they are only released on the authority of the Congress.



Now in administering this law, certainly if we have an oversupply of nickel or copper, for example, it would not be in the best interests of the United States to barter for that particular commodity at this time.

Mr. HILL. Let me ask a question right there. Isn't that just a little bit inconsistent for you to sit here this morning and tell us it is a fine thing to draw a line, when we are putting the mines out of business, but when we want to sell surplus products that the farmer has, and barter it, and ship it to Japan, you say "Do not do that." Now how do you put those two together?

Mr. LYNN. We do not intend to be inconsistent, Mr. Hill.

Mr. HILL. But it is.

Mr. LYNN. We are not for putting your miners out of business

Mr. HILL. But you have.

Mr. LYNN. Farm Bureau sure has not. Do you think the barter program has put them out of business?

Mr. HILL. I think the barter program has helped, because if you will notice just this last week Secretary of Interior Seaton recommended quite a radical program to the President of these United States in regard to subsidizing mines. Now he is on the right track when he says if we lose these mines we may never recover them.

Mr. LYNN. No, sir. I would like to make it very clear, sir, that our best security is in the United States for these minerals, and we are not for imports that would put them out of business.

Mr. HILL. Now you cannot walk away and leave that statement. I would go on with it. But the same is true with the farmer. We say we have the finest wheat-production area in all the world in the High Plains of these United States. Now do you think that I think we should curtail those wheatgrowers because we find all over the world there are spots where we could export wheat, and even give it away, and come out on top? Now would this answer your objection, if we worked the barter trade in such a fashion that immediately this wheat would fall into the hands of State Department or some other relief organization, and not be charged as a loss to agriculture when we give friendly countries surplus food?

I think our whole program needs to be revolutionized, and I for one am in favor of giving it away—you may think that is wrong—out of these United States to countries who actually need it. Do not even put it in the channel of trade, give it away, directly to people through relief organizations, never through trade channels. What would you think of that?

Mr. LYNN. Well, I have had a little experience in giveaway programs and administering abroad. The first time I met you and Mr. Poage I was in the food-distributing business in Germany. It is very difficult to give things away in another country and have them identified as being from the United States. You have put them through the regular channels of trade and the people pay for them in their local currency. The people pay for them—

Mr. HILL. Let's stop right there and say we have not done that. Let us not say we cannot do it, because I do not believe that for a single minute, either, because we can do it. Just because we have been doing it wrong is no argument that it cannot be done right. And that is where I differ from the Farm Bureau. I say we should give it away

correctly through social organizations and welfare organizations, and package this food and put on the package "Not to be sold at any price." Put a United States symbol on it. I am wondering if we could not work such a plan?

Mr. LYNN. That provision is now in Public Law 480.

Mr. HILL. It has always been in there.

Mr. LYNN. It has always been in there. I do not know how—

Mr. HILL. Anyway, we should not put ourselves in a position where we cannot get into that field, when we might want to fight a war of opposition giving surplus food away. Now let's not rule that out.

Mr. LYNN. I think there is plenty of provision, Mr. Hill, in Public Law 480 now, in title II and title III for that. We support those provisions.

The CHAIRMAN. What attention do you think Mr. Berger paid to the comment in our report on barter?

Mr. LYNN. I beg your pardon?

The CHAIRMAN. What attention do you think Mr. Berger would pay to a comment in our report regarding barter, in view of what he said yesterday?

Mr. LYNN. I do not know how much attention Mr. Berger would pay to your comment, however I know he is a reasonable man. I think the legislative history, with regard to this matter will have an effect on the administrators of this program. Now, do not misunderstand me, we are not suggesting a requirement to barter \$500 million worth of stuff irrespective, these things have to be looked at on every turn, as to what effect they will have on the mineral industry and all of these things. This should be handled administratively, we believe it can be done, and there should be more bartering than now.

The CHAIRMAN. I agree with you.

Mr. Hoeven wants to ask some questions.

Mr. LYNN. Excuse me, sir, may I just finish this point.

With the legislative history in the Senate and with a strong statement from this committee, it seems to me that it would be an indication on the part of the Congress that we needed to give a little more emphasis to this part of the program. And we concur in that idea. This may sound overly critical of the Department of Agriculture and we do not intend to be—but we believe this thing has been slowed down unduly.

Mr. HOEVEN. Mr. Lynn, yesterday Assistant Secretary of Agriculture Don Paarlberg said, and I quote from page 10 of his statement with relation to barter, as follows:

The Secretary now has the discretion to determine whether or not barter transactions protect the funds and assets of CCC. This means that he will barter whenever the same commodities cannot be sold for dollars. To make it mandatory that the Secretary barter when he is offered strategic or other materials will require him to displace the dollar sales.

Now as I understand it, you are opposed to a compulsory barter system. Are you in favor of the discretionary powers which the Secretary contends he has, or is there a middle ground?

Mr. LYNN. Well, we believe section 303, Mr. Hoeven, of the Public Law 480 which deals with this question is quite clear. It is true that it gives the Secretary of Agriculture wide discretion in connection with this program. We are not recommending any change in this law. We certainly oppose any mandatory barter provisions in this act.



But you see, it may be better on the part of the United States to exchange a \$2 bushel of wheat for \$2 worth of some mineral that we need, rather than selling the bushel of wheat for \$1.25 and get dollars for it.

Mr. HOEVEN. Mr. Lynn, the Secretary now has discretionary authority. Do you want to leave that as is, or do you want some change?

Mr. LYNN. We want to leave it as is, Mr. Hoeven, and we have suggested here you may wish to suggest, or this committee, that we need to speed up this program.

Mr. HOEVEN. There are only two methods of approach as I see it. Either legislation directing barter or writing something in the committee report as suggested by the Chairman. Which do you prefer?

Mr. LYNN. We prefer the committee report route rather than amending the legislation.

Mr. HILL. Let me ask another question: Aren't we in a much better position—we are talking about the world situation—if we would definitely plan a program to give surpluses to hungry people? I mean plan it, and to enlarge that program with worldwide publicity that we give the surplus to the poor people anywhere in the world—we would exclude Russia and her satellites, I suppose—provided it goes directly to people who are not in the market for that product? Now, I think we could all unite on that. And let me ask you, wouldn't that really be the greatest argument for the type and kind of government that we have? Now I just ask you that question. How can you oppose a program like that?

We have not tried it, this was the first time we had anything on our books that even approached such a plan.

Mr. LYNN. We are in sympathy with your objective, sir, but I cannot see for the life of me how you would even administer it. I do not know how you would get a minister of agriculture, or any prime minister, who could live with his own agricultural producers if he put into effect a massive giveaway program of American agricultural commodities. I think we would hurt our relationship with some of our good friends and customers.

Mr. HILL. No; you are getting into an entirely different field. The kind of people I am thinking about never heard of an agricultural minister. And you know there are plenty of small countries that have had no information and no training in the production of food.

Mr. LYNN. That is right.

Mr. HILL. Now, why not pick those countries out, and let us offer them something by the way of providing them food.

Mr. SIMPSON. Will the gentleman yield?

Mr. HILL. Certainly, I am through.

Mr. SIMPSON. Maybe they would not like it.

Mr. HILL. Then they would not get it. That is the answer.

The CHAIRMAN. The substance of it is in the law now.

Mr. SMITH. Will the gentleman yield?

I am sure Mr. Hill should remember that there is such a thing as a community of nations, and you cannot give anything to anyone if they will not let them bring it in.

Mr. HILL. That is fine, I am for it. I did not say anything about that.

You have welfare organizations almost all over the world, and my feeling is that you are going to see many of them—and of course, I am

talking about welfare and I do not think it even should be charged up to agriculture, not a single dime of it. It is not in the nature of agriculture, it is straight welfare, it is straight surplus that we have, and it will not interfere with one single person in the food business. They are not products that are for sale.

I could mention milk, for instance, and I am not a dairyman at all. When you reconstitute milk—the most important thing is not the product, the most important thing is to have water, and the right type and right kind, and there are many nations in the world that do not have plenty of pure water.

Mr. SMITH. You are talking about objecting to driving your own miners out of business by bringing minerals in, and now you want to turn around and say we are going to drive some producer out of business in another country with food products. That is what you are doing.

Mr. HILL. There are no producers—I will mention one place in my own district, poor people with hardly enough funds to get along at home, who are supplying missionaries with food in a certain country for actually starving children. And if you think we have an abundance where they have none—why not supply plenty of food to missionaries who can give it directly to people? And remember, these folks are sacrificing at home to get what little food they can send to their missionaries.

Mr. MATTHEWS. The gentleman has intrigued me very much, and I agree with him wholeheartedly. As I believe your idea is to deal with this distribution through these great organizations of philanthropy, through your religious organizations, and as I understand the gentleman, his feeling is we have not even made a good start on that type of program?

Mr. HILL. I could name 2 or 3 of the organizations that are doing good work, and when I asked for information on what percentage of our giveaway program they had, it was so small I am ashamed to mention it.

Mr. ANFUSO. Would you yield?

Mr. HILL. I have been through for quite a little time.

Mr. ANFUSO. I want to congratulate Mr. Hill on that very fine statement, because I know that charitable agencies of all faiths have done a tremendous job, and in addition thereto they have saved this country a great deal of money because they have the missionaries for distribution and everything else.

Mr. HILL. And made friends, too.

Mr. ANFUSO. And have made friends.

Mr. HILL. No enemies.

The CHAIRMAN. That is all authorized by the law. It is in the law now.

Mr. ABERNETHY. Mr. Lynn, I think we all will agree—and if you disagree you might so express yourself—that up until May 28 of 1957, when barter was suspended, that very substantial progress had been made. Do you agree with that, or don't you?

Mr. LYNN. On page 7, Mr. Abernethy, we summarize the dollar amount under the barter program.

Mr. ABERNETHY. All right. But you say in your statement that when the order went into effect the Bureau felt that they should take



another good hard look at it. Now what did you mean by that? What caused you to have a sort of change of feeling about it?

Mr. LYNN. Upon investigation, Mr. Abernethy, we found a great deal of Commodity Credit Corporation capital was being obligated and impaired by the barter program. As we understand it, the General Services Administration was not taking over the minerals as fast as they should, and the CCC found themselves with almost half a billion dollars tied up in these strategic and critical materials. That is what we had in mind when I made that statement. Since that time I think the situation has been alleviated, and that now we would not impair the Commodity Credit Corporation stock through this barter program.

If you will allow me to continue, this should not be just a Department of Agriculture program, this should be a United States Government program, with all agencies of Government, Defense, GSA, and other departments all should cooperate.

Mr. ANFUSO. Will the gentleman yield?

Mr. ABERNETHY. Just 1 second.

I understand from Mr. Heimbarger that that situation has been changed since then. Do you have that understanding?

Mr. LYNN. You mean with regard to their being willing to take—which situation do you mean, sir?

Mr. ANFUSO. Will the gentleman yield?

Mr. ABERNETHY. He had reference to the sale of commodities to GSA. He says they have authority to reimburse; they are required to.

All right.

Mr. ANFUSO. Mr. Lynn, you made this statement on page 7:

The USDA and the CCC should not bear the whole weight of the barter program. It should be a program of all the administrative agencies of Government designed to strengthen the position of the United States. The vast expenditures being made, for example, by the Department of Defense and the International Cooperation Administration for materials produced in foreign countries could be replaced in part by barter.

I think that is a very fine statement. You expect, in other words, that the United States Department of Agriculture will cooperate with other agencies of Government in bringing about this program; is that right, sir?

Mr. LYNN. And vice versa.

Mr. ANFUSO. And vice versa.

Mr. LYNN. Sure.

Mr. ANFUSO. Now, do you think, in view of the experience which we have had since May of 1957, when Mr. Berger took it upon himself to change the entire barter transaction principle, whereby he reduced bartering, which once went up to almost a billion dollars to a trickle of \$11 million, do you think with that background, that unless we put in, as I think you agreed, language such as in section 303 of Mr. Cooley's bill on page 2, that they would follow any suggestion on the part of the Congress?

Mr. LYNN. Well, I think they would, Mr. Anfuso. These are reasonable men.

Mr. ANFUSO. Before you answer that in full, don't you think it would be far better to have the language of section 303—don't you

think it is far better to have that language in there to recognize the principle in the law?

Mr. LYNN. Oh, yes; we are for section 303 of this law.

Mr. ANFUSO. You are for 303?

Mr. LYNN. As in the law.

Mr. ANFUSO. As in the law.

Thank you, Mr. Abernethy.

Mr. ABERNETHY. I think Mr. Anfuso anticipated me there. That is exactly what I was getting up to.

Now, let's start over. You were perfectly satisfied with the barter program, with the knowledge you had of it at that time, let me say, up until May 28, 1957?

Mr. LYNN. That is not quite right, Mr. Abernethy. I am not trying to be evasive—

Mr. ABERNETHY. Well, substantially so?

Mr. LYNN. We were gratified that we were being able to exchange a lot of agricultural commodities for these strategic materials, but when we discovered, too, that we were impairing a great deal of the CCC capital—

Mr. ABERNETHY. But the fact remains you did not discover it until the lid went on on May 28?

Mr. LYNN. Well, that is when we started to investigate.

Mr. ABERNETHY. That is when you started taking a hard look at it. All right. Now you do concede that very substantial progress was made in the movement of surpluses through the barter program?

Mr. LYNN. That is evident by page 3.

Mr. ABERNETHY. And that it resulted to the credit and to the benefit of American agriculture? American agriculture benefited from it, the country benefited from it?

Mr. LYNN. I think all America did.

Mr. ABERNETHY. All right. Now it is practically shut down—it is just for all intents and purposes, closed down now; isn't it?

Mr. LYNN. There is very little going on, for the first part of this fiscal year.

Mr. ABERNETHY. Yes, very little going on. Now do you sincerely entertain the opinion that with just a simple statement in a report they will continue to maintain the same attitude? They will say, "Well, we are not bound by the report, we are bound only by the law," and they will continue as they are right now.

Mr. LYNN. Well, I do not know, Mr. Abernethy, but I believe that the Department of Agriculture, with all of our help, will give more emphasis to this program. That is what we would hope.

Mr. ABERNETHY. I will ask you just one final question. Have you discussed it with them?

Mr. LYNN. Yes, sir.

Mr. ABERNETHY. Have you made any progress?

Mr. LYNN. Some progress.

Mr. ABERNETHY. What was it? We have discussed it with them and we have made no progress. Now you tell us what progress you made. I think we ought to get it in the record.

Mr. LYNN. We are bartering more in the last 3 months than we did in the 3 months previously. That is a little progress.

Mr. ABERNETHY. We all have a record of argument; there is probably an abundance of that. But just to sum it up, actually, we made



no progress, either the Bureau or the Congress. Do you know of anyone else who has made progress with them?

Mr. LYNN. I do not.

Mr. ABERNETHY. I think Mr. Hoeven raised a good question a while ago—I think it was Mr. Hoeven—when he pointed out we have language in the bill that authorizes it. You suggest we put it in the report, and that there probably ought to be some halfway ground. I do not know what it would be, but maybe there is such. Do you know of any halfway ground we could take between a directive in the law and a directive in the report that might get something done?

Mr. LYNN. I had hoped that you would do it by way of the report, Mr. Abernethy, rather than amending the law. This 303 certainly is pretty clear here as it is now written.

Mr. ABERNETHY. I know it is clear, but it is the law now and it is not getting us anywhere.

Mr. LYNN. I think it would be a terrible mistake to put in the law, as was in the Senate bill that came out of their committee, a mandatory \$500 million barter program.

Mr. ABERNETHY. What language would you put in the report? In substance what would it be?

Mr. LYNN. It would be along this line: We believe that it is in the best interest of the United States to exchange surplus agricultural commodities for materials needed or in short supply in the United States. We would recommend that this program be administered in such a way as to not bring in minerals and materials that were in excessive supply. But we believe it is good business on behalf of the United States to make these exchanges. I would use words to that effect.

Mr. ABERNETHY. And you feel that would pay dividends?

Mr. LYNN. I think it would pay dividends. We would continue to work to help—

Mr. HOEVEN. Will the gentleman yield?

Mr. ABERNETHY. Surely.

Mr. HOEVEN. What do you have to say about displacing dollar sales?

Mr. LYNN. Well, now, this is where you get in a tremendous argument, as to whether or not barter programs actually replace dollar sales. Our dollar sales are going down and we have had very little barter in the last year.

Now we certainly would not be for replacing dollar sales, but I say, it might be better in the long run for the United States and the CCC to exchange a \$2 bushel of wheat for minerals rather than to sell that bushel of wheat for \$1.20 or some such figure for dollars. We might get more value received in the long run through use of the minerals. Do you understand what I mean?

Mr. ABERNETHY. I yielded the floor, Mr. Chairman.

The CHAIRMAN. Mr. Anfuso.

Mr. ANFUSO. Mr. Lynn, have you gotten any answer from the Department of Agriculture on the two letters that you put in the record before?

Mr. LYNN. Yes, sir; we have discussed them on several occasions with the Department.

Mr. ANFUSO. Did the answers satisfy you?

Mr. LYNN. No, sir; not to our complete satisfaction.

Mr. ANFUSO. That is all I wanted to know. Now let me ask you this. Mr. Berger said yesterday that in spite of the fact that he was in disagreement with other experts in the field, he still felt that he was right. Do you think with such an attitude that we can get very far in carrying out this barter program which, you say, is essential not only to agriculture but to all America? Do you think we can get very far unless we put in some pretty strong language?

Mr. LYNN. Well, I think Mr. Berger is a reasonable man, and can be prevailed on—

Mr. ANFUSO. He did not appear to be very reasonable yesterday, because when I asked him, "You have hundreds of experts who disagree with you?" that did not seem to phase him one bit.

Mr. LYNN. I know—well, I should not say I know. I am sure that Assistant Secretary of Agriculture Marvin McLain and the other top officials want to do everything they can to get rid of our surplus agricultural commodities.

Mr. ANFUSO. I think Mr. McLain does. But after all, his boss is Mr. Berger. You know that, don't you?

Mr. LYNN. Oh, no, sir; it is the other way around. Mr. McLain is boss.

Mr. ANFUSO. Is it the other way around?

Mr. LYNN. Yes, sir.

Mr. ANFUSO. But Mr. Berger seems to be the authority in the Department on the subject; is that correct?

Mr. LYNN. He is the technician, or administrator.

Mr. ANFUSO. He is the technician.

Now Mr. Hill raised a very good question, and none of us are trying to close any mines, and I think you agree with that statement. We are only dealing with materials that are listed, isn't that right, and both the Department of Defense and Agriculture can change that listing at any time?

Mr. LYNN. I think the ODM is also involved.

Mr. ANFUSO. And so far the Secretary of the Interior, who certainly knows a great deal about mines, has insisted upon bartering, has he not? He believes bartering is a good thing for national security and defense; isn't that correct?

Mr. LYNN. I am not sure of what Mr. Seaton's attitude is. I know we do not agree with him on the production payments program of minerals.

Mr. ANFUSO. Well, we have a statement to that effect.

Now I would like to get your opinion on this subject, Mr. Lynn, for the record. There has been a lot of talk here about displacing cash sales. When you come right down to it, isn't a barter transaction a cash sale? Don't we pay for those agricultural commodities in cash, and sometimes even higher than others do?

Mr. LYNN. Well, this is a question you cannot answer "Yes" or "No." I think it depends a lot, Mr. Anfuso, on the situation with regard to each particular transaction. It is my impression that on most of these barter deals you sell for cash and buy for cash. But I do not think you can just make a categorical statement that it is this way or that at all times.

Mr. ANFUSO. It is very difficult, isn't it?



Mr. LYNN. Yes.

Mr. ANFUSO. But we do know that the theory of barter, as we have known it and as we have experienced it, is a good one. We are getting valuable strategic material which, incidentally, is going higher in price, has become more valuable as we have stored it. So we have a valuable commodity which we are getting, not only in dollars and cents, but strategicwise?

Mr. LYNN. In most cases very badly needed materials.

Mr. ANFUSO. Now that is going up. What would you say about the dollar? I would like to ask this question of you, the cash value of the dollar has somewhat gone down, hasn't it, in recent years?

Mr. LYNN. Yes, we have had a lot of inflation, as you know.

Mr. ANFUSO. So that we fare pretty well when we get strategic materials which go up in value?

Mr. LYNN. If we need these strategic materials and they are not interfering with Mr. Hill's miners.

Mr. ANFUSO. Exactly. And whenever they are in interference——

Mr. HILL. They are.

Mr. ANFUSO. They can always be taken out, is that right, from the list?

Mr. LYNN. Yes.

Mr. ANFUSO. And so far, as I said before, even the Secretary of the Interior has not seen fit to suggest any such change. And all that we are dealing in, and all that these barter people have been dealing in, has been listed material, what the Department of Defense has seen as being strategic, isn't that correct, sir?

Mr. LYNN. Well, the pressure from the mining interests is not unrelated to the fact that we have less barter now. Let us not get confused with this point, because there has been tremendous pressure from the mining interests to cut down on the list of minerals that could be brought into the United States under the barter program, and that has had its effect, too, on our ability to barter.

Mr. ANFUSO. One more question. Did we not say in our report to Public Law 480 and H. R. report 1716, "Establishes barter as a priority method of disposal"? Did we not say that in that report?

Mr. LYNN. I think that is right, but I do not know the law word for word.

Mr. ANFUSO. That is all.

The CHAIRMAN. I have a press release from the Department dated May 2, 1958, and the first paragraph indicates:

The USDA reported that barter contracts value at \$12,700,000 were negotiated by the Commodity Credit Corporation under revised barter program in the January-March 1958 quarter. This compares with barter contracts of \$104,722,000 for January-March 1957, and \$272,600,000 for the full fiscal year 1957.

Mr. LYNN. Those are the same figures we have in our statement on page 7, Mr. Chairman.

The CHAIRMAN. They have referred to it in this release as the revised-barter program, so apparently they intend to start bartering again. I think that everyone would hope that they will do some mutually advantageous bartering.

They mention in this release the materials they have received in exchange for commodities.

Mr. LYNN. Mr. Chairman, I do not see how any administrator can ignore what happened in the Senate as legislative history. It was a close vote to defeat the mandatory barter provisions of the Senate bill. And it seems the Secretary of Agriculture, and I know he will, will take account of this legislative history in carrying out this law.

The CHAIRMAN. I agree with you. I also agree with Mr. Hill that they should not ignore the plain language of the law which authorizes donations to hungry people. Of course no one, as Mr. Smith points out, would encourage a program of dumping which would interfere with the agricultural producers of other countries. I do not know of anything that we could put in the law that is not already there that would give them authority to give away these surpluses. He said that he made some inquiries recently and they are not giving them away. You know there must be some hungry people somewhere in the world who need and want all of the surpluses we have.

You may proceed, Mr. Lynn.

Mr. LYNN. To give away is not as easy, Mr. Chairman, as it sounds at first.

Mr. ABERNETHY. Mr. Lynn, I would like to return to the observation you made a few moments ago about the concern which you and others shared, and I shared that concern, too, at the time, regarding the depletion of the capital assets of the Commodity Credit Corporation in this barter program. But was that not corrected in the act of 1956 in section 206, providing for the reimbursement of Commodity Credit by direct appropriation?

Mr. LYNN. Well, at the time, as you remember, in May when this, or prior to that time, money was pretty hard to get. Now I believe with all candor that a lot of business people who were doing the barter transactions, and this is a criticism of the business people who were doing the barter transactions, were taking undue advantage of this provision in that they were getting extended delivery dates for the minerals and materials and were tying up the funds of the CCC unduly over too long a period.

Mr. ABERNETHY. Well, I do not want to debate that point with you now, I think that is beside the point that I have just endeavored to make. I want to read into the record here from page 45 of the President's report on the operations of Public Law 480, what he has to say about this depletion of capital assets, and I quote from his report:

CCC has received reimbursements for \$216.5 million in strategic materials delivered to the strategic stockpile and \$67.6 million in materials delivered to other Government agencies. A total of \$264.3 million in strategic materials has been transferred to the supplemental stockpile, for which reimbursement to CCC will be in the form of an appropriation by Congress as provided in section 206, Public Law 540, 84th Congress. The balance of the materials in CCC's inventories, as well as subsequent deliveries of such materials under existing contracts, will be transferred to the stockpiles or to other Government agencies with reimbursement to CCC.

Now we can eliminate that particular fear which you expressed a moment ago, can't we?

Mr. LYNN. I think so.

Mr. ABERNETHY. Good.



Mr. LYNN. Let me just read one sentence from our resolutions on this subject of barter:

Security stockpiles should be isolated from normal domestic requirements and used only in case of national emergency.

That is as provided for in Public Law 480.

Well if I might continue, I know that you are under pressure here and have other witnesses, but let me just summarize our recommendation by saying that we think that Congress should show the intent of gradually tapering off the Public Law 480 program. We recognize that we still have a tremendous amount of surpluses, but we believe that we should show our good intention, that this is a temporary program, and should stick to the letter and spirit of the report that this committee developed on May 9, 1957, when you called attention to the fact that we should consider this as a temporary interim measure.

The CHAIRMAN. Mr. Lynn, are you not a little inconsistent when in the first part of your statement you are complaining because we have not been disposing of the surpluses through barter transactions, and Mr. Hill is complaining because we have not been donating, and now you say to taper off. I agree with you, I do not want to visualize this program as a long-term, permanent program, but this is no time to taper off. This is a time to step up the tempo and dispose of the surpluses, and then go out of business.

Mr. LYNN. I do not think we are inconsistent. I know it is not the subject of this hearing, but we have to consider how we can cut the spout off. How can we stop piling up these surpluses?

The CHAIRMAN. We may cut it off all right if we dispose of the surpluses. We can go out of business if we dispose of the surpluses.

Mr. LYNN. Your objective as stated, and ours, is no different in this regard.

The CHAIRMAN. I know it is not, but I am saying now is not the time to taper off.

Mr. LYNN. The \$2 billion Public Law 480 program for the next 2 years we are recommending is not exactly a meager program. We recommend a \$2 billion program for the next 2 years. But to show our original intent in helping write this law, we think we ought to indicate that we still believe it is a temporary interim measure.

I guess there is no reason for me to elaborate any further with regard to barter. I think we have made our position clear.

We do believe that under the barter provision of the current law we can barter more agricultural commodities for critically needed strategic material that has been done during the past 6 months.

We would also call the attention of this committee to a lot of movements that are on foot under the guise of a world food bank. The most recent one was SUNFED. That means Special United Nations Fund for Economic Development. And watch out for another one, Mr. Hill, that may be designed to help accomplish distribution of United States surpluses on a giveaway basis. It is called SPUR. This is a Special Program for Underdeveloped Regions. This is a program designed to fight hunger to the last pound of United States food and to the last United States dollar through the United Nations. Let me say categorically that we are opposed to any program where

the United States puts its surplus agricultural commodities or dollars through the United Nations for some Russian or other enemy to sit on and distribute for the destruction of America and for what we stand. And I hope this committee will take note of this and be on the watch-out because it is closer than you think. You will be appropriating, or be voting on an appropriation next week, in fact, which is the kick-off program for SPUR, and it is right in the appropriations authorization for the mutual security program. I am not sure of the amount but we are opposed to it, and we will——

Mr. HOEVEN. Will the gentleman yield right there?

Who are the sponsors of the SPUR program?

Mr. LYNN. Sir?

Mr. HOEVEN. Who are the sponsors, originators, or backers of the SPUR program?

Mr. LYNN. I do not know for sure, but I think it is the Economic and Social Council of the United Nations.

Mr. ANFUSO. Of the United Nations?

Mr. LYNN. Of the United Nations, and the expanded Technical Assistance Board of the United Nations.

Mr. HILL. If the gentleman understood what I said, he knows I said we give the food directly to people.

Mr. LYNN. I know.

Mr. HILL. You and the wheat farmers would know where it was going, how it was distributed, and that it was not sold in the channels of trade. That is what I am talking about.

Mr. LYNN. Two other points and then I will be through.

Mr. ANFUSO. I just want to make the comment that that is the way I understood Mr. Hill.

Mr. HILL. Yes.

Mr. LYNN. I understood you like that, too.

Mr. HILL. It would be a straight gift from our people to their people. Now let's not get it mixed up.

Mr. LYNN. That is already provided for right here in Public Law 480.

Mr. HILL. Yes; all we need to do is to exercise it.

Mr. LYNN. We are opposed to the so-called Johnston (South Carolina) amendment that was offered on the floor of the Senate and was passed by the Senate, which authorized the shipment of textile products under Public Law 480.

Mr. HILL. That would be a little different from what I have in mind, because there again, how can you do that without getting into the channel of trade? We must keep out of the channel of trade.

The CHAIRMAN. Is that the Johnston amendment to which you refer, on page 9 of your statement?

Mr. LYNN. Yes, sir.

The CHAIRMAN. Senator Johnston?

Mr. LYNN. Senator Johnston of South Carolina.

The CHAIRMAN. Where do you get the idea about the world bank? That has been explored heretofore. Did anything occur to cause you to consider the world food bank?

Mr. LYNN. The world food bank?

The CHAIRMAN. This committee has talked about it for years.

Mr. LYNN. I do not think anything is going to happen to that in the form of a world food bank. It is going to be under the guise of



this SPUR or SUNFED proposal. I do not think it will be under the world food bank idea—we have helped to defeat that giveaway plan.

The CHAIRMAN. Where is SPUR going to get their products from?

Mr. LYNN. Well, they will get the money and products from the United States, as much as we are willing to give. Someone has proposed a hundred million dollars just to kind of kick the thing off.

The CHAIRMAN. Is that in the nature of a world food bank?

Mr. LYNN. It is now taking shape in the United Nations—this is the beginning of the world food bank—or, SUNFED or SPUR.

Mr. ANFUSO. I think they would first like to get the money from the United States, and then try to get the agricultural products from the United States. Is that right, under the SPUR program, they will first try to get the money from the United States and then try to get the agricultural products from the United States?

Mr. LYNN. I think that will be one purpose.

Mr. HILL. If the chairman will yield, I think it is time that you take the suggestion I made seriously, and you will offset any such foolish organization as that. We give our surplus foods where we want to put them, and put the food where we know it will do the good, and not allow some international organization to handle our surpluses.

Mr. LYNN. We agree with you we do not want Russia distributing our food or dollars.

The CHAIRMAN. Before you get away from that, I know that some years ago we discussed the idea of a world food bank with the administrators of the food and agricultural organization. They had made a study of it, investigated it, and explored it fully, and they were not in favor of it.

Mr. LYNN. Well I think you will find that some of the United States representatives from the United Nations last summer pretty well committed the United States to this idea of SPUR, and we think it is a very dangerous thing. We think the Russians pulled a very shrewd one in getting us maneuvered into that position; we are just flagging it for you. Let us watch out for it as a trap.

The CHAIRMAN. Have the farm organizations been given an opportunity to appear before the body which made that decision and committed our country?

Mr. LYNN. No, sir.

The CHAIRMAN. At least you may have a forum here, where you may express yourselves, and up there you do not have that privilege.

Mr. LYNN. And thank goodness for that. We may not always agree, but still have the opportunity to appear before the committee.

May I make just one other comment about this textile amendment? If we open up Public Law 480 to this kind of amendment, for exporting cloth and shirts and blouses, for example, there is no reason in the world why the leather people cannot come in and want to include shoes, and wood people, plywood, and on and on we would go, and the first thing we would change the Agricultural Trade Development Act into something else. We strongly recommend that you not approve this approach.

Finally, Mr. Chairman, it disturbs us a great deal when we analyze how we are financing the export of our agricultural commodities. The \$4.7 billion that we exported last year was very fine, very good. We

are for it. The statement was made yesterday that 60 percent of our exports are for dollars, this means 40 percent was for something else. Actually when you analyze the facts almost 70 percent of our agricultural exports last year were under some form of Government program. Under the cotton program, as you know, we paid an export subsidy up to \$56 a bale, Mr. Poage, and on the wheat program we subsidized up to 85 cents a bushel. We are not on a good solid foundation in agricultural when we are dependent, so overdependent, on those kinds of programs for our exports.

We think the Reciprocal Trade Agreements Act is the mechanism that we must use if we are to build trade on a good, solid foundation with any permanency to it. We believe this is the way to build our dollar markets, and we think that a good strong Reciprocal Trade Agreement Act, and we are supporting a 5-year extension of this act, will do more to increase our agricultural exports than a continued over long periods temporary programs such as Public Law 480.

We appreciate very much the opportunity to present our statement.

The CHAIRMAN. We thank you very much, Mr. Lynn, for your statement. Without objection the following statements are inserted in the record at this point.

(The statements referred to above are as follows:)

STATEMENT OF READ P. DUNN, JR., DIRECTOR OF FOREIGN TRADE, NATIONAL COTTON COUNCIL OF AMERICA

My name is Read P. Dunn, Jr., I am director of the foreign trade division of the National Cotton Council of America. As you know, the National Cotton Council represents the six primary cotton-interest groups—the producers, merchants, ginner, warehousemen, spinners, and cottonseed crushers. The National Cotton Council has supported the Agricultural Trade Development and Assistance Act, generally known as Public Law 480, since its inception. Approximately 3 million bales of cotton have been authorized for export under the program from its inception to date. Additional quantities are expected to be authorized under current funds. The benefit to cotton is obvious.

The National Cotton Council recommends that Public Law 480 be continued on a temporary basis as an assistance in disposing of agricultural surpluses and in aiding those foreign countries which have insufficient dollar exchange to finance their cotton requirements.

The council vigorously opposes any discrimination against cotton and cottonseed products in the use of Public Law 480 funds for financing exports and urges that American-grown extra long staple cotton be included for export financing under the Public Law 480 program.

Now, Mr. Chairman, I would like to take this opportunity to tell the committee about some of the market development operations under Public Law 480 in which we have been engaged in an effort to expand the market outlet for American cotton.

The National Cotton Council was organized for the purpose of expanding cotton consumption in the United States. The gains that have resulted from research and promotion in the face of an uncompetitive price have been large. The gains in the apparel and household field alone that have resulted from research, development, and promotion have totaled more than a million bales annually.

Cotton Council International was formed last year as a brother organization to the National Cotton Council to promote increased consumption of cotton abroad. The National Cotton Council makes its staff of specialists available to Cotton Council International.

The need for world promotion of cotton was realized by industry and Government long before Cotton Council International was organized. Sporadic attempts at promotion overseas were made by individual groups in various countries.

A few manufacturers advertised brand names, but in most cases the ads did not mention cotton. Retail advertising as we know it was practically non-



existent in the rest of the world, and retail promotion of cotton products unheard of.

The National Cotton Council, working on an informal basis, had been able to interest 1 or 2 industry groups in undertaking a few experimental promotion projects.

Real impetus came to these cotton-promotion programs after the market development phase of Public Law 480 program was inaugurated. The offer of direct technical assistance by the council and cooperative funds by USDA under the Public Law 480 program provided the incentive for a concentrated program.

The annual budget current for the various promotion programs abroad is about \$3 million. Almost two-thirds of this amount is being raised privately through contributions of member industry groups. One-third is being contributed through the Foreign Agricultural Service from funds made available by Public Law 480. These programs involve about 117 distinct campaigns operated by about 100 promotion, public relations or market research specialists—many of them trained by Cotton Council International.

The nine countries with which we have cooperative agreements are: France, Belgium, Holland, Germany, Austria, Switzerland, Spain, Italy, and Japan. We have been working informally with the British where a sizable program is underway and an agreement is expected to be signed with England within the next few weeks.

Canada, Portugal, Finland, Sweden, and Australia have indicated strong interest in developing programs and discussions currently in progress.

In addition, we are cooperating informally with several other exporting countries. Mexico and Colombia already have domestic promotion programs and are interested in more technical assistance. Egypt and Sudan, two exporting countries with foreign promotion programs, are also interested in closer cooperation, as are Greece, Syria, Pakistan, and India. We do not anticipate any financial contribution to other producing countries, only technical assistance and some market research.

Basically, the program is designed to accomplish its objective through two methods. First, by stimulating a desire on the part of individual consumers to be better dressed and have more attractive homes. Second, to improve the fabrication and distribution of cotton clothing and household textiles to make better quality products available at more reasonable prices. Of course, the program seeks to convince consumers that these objectives can best be achieved with cotton products.

Attached is an outline of programs for cotton market development in the various countries pursuant to the cooperative agreement between the United States Department of Agriculture and Cotton Council International under the market development section (104 (a)) of the Agricultural Trade Development and Assistance Act.

Of course, these are long-range programs. They must be continued for several years before we can claim any lasting benefits. We may, however, be able to get a little indication of possibilities by looking at returns from the three countries where the programs have been in operation the longest: France, Germany, and Japan.

In the 1956-57 season in Japan, domestic consumption of cotton products averaged 7.4 pounds per person, 20 percent more than the preceding year. The Japanese gave the cotton promotion program a big share of the credit for this outstanding gain in their home market. Cotton's increase was, in fact, greater than the increase in national income, textile sales in general and overall consumption in Japan for the same period.

Looking at it in terms of bales, the estimates for 1956-57 show an increase in consumption of 155,000 bales in France and 106,000 bales in Germany, the other 2 senior programs. Each of the newer cooperators reflects a gain over the previous year, but not of that size. There are many factors involved, but certainly promotion contributed to these increases. We have always regarded 5 or 5½ million bales as our "traditional" export market. If these programs live up to their early promise I will not be surprised if we soon come to consider 7 or 8 million bales as our "traditional" level of exports.

We think that such expansion may really be on the conservative side when measured in the light of mushrooming world populations and standards of living.

You have heard us talk of increasing world per capita consumption of cotton by 2 pounds per person, little more than that required for 1 or 2 simple basic garments. Surely that can be done in Japan, where consumption has gone up

over a pound in little more than a year. Surely it can be done in Western Europe, where recent years have added at least a pound. But in these teeming underdeveloped countries, where the average man now uses a trifling 2 to 4 pounds of cotton, at what is usually a subsistence economy, we may someday see rates of growth beyond our brightest imaginings.

One of our staff members and a member of the USDA staff have just returned from a 3-month study in Asia and the Far East of some of the market development possibilities in those areas. We see what appear to be tremendous opportunities and almost unbelievable obstacles and problems. We are going to concentrate on research to develop some workable plan which will let us take all possible advantage of the potential of these sleeping markets. It is years away, but we believe that the future mass markets of the world most probably lie in lands we now call underdeveloped.

Even with known conditions, however, we believe it is reasonable to expect the future to make possible new consumption outside this country of 10 million or more bales per year. Our simple 2-pound increase would give us that much.

What we do know is that we are seeing a tremendous worldwide revival of interest, enthusiasm, and spirit among all concerned with the growing, processing, and distribution of cotton. This new spirit for cotton must not be allowed to fade. The economic interests of our own industry—and of every other producing or consuming nation—demand that the programs which we have developed continue and enlarge.

Our goal is effective, organized, international promotion for cotton. We do not, in my judgment, have any sensible choice but to proceed toward it at the best speed we can manage.

In time we hope these foreign promotion programs can be financed entirely with private funds, and we are now making plans toward this end. However, it will take several years before private financing can be expected to take over this job entirely. During the interim funds from section 104 (a) of Public Law 480 will be vital in continuing and enlarging these programs to increase the consumption of cotton and cotton products around the world.

#### COTTON'S PATTERN OF PROMOTION

The pattern of promotion Cotton Council International has developed in the cooperative programs is directly modeled after that of the National Cotton Council in the United States.

The five major types of activity which the foreign industry groups are conducting with our guidance and assistance are fashion, press and public relations, manufacturer-retailer, cooperative campaigns, and market research.

We begin with fashion for a very simple reason. The volume markets follow the lead set by fashion. If cotton is strong in fashion, it stands a much better chance to dominate the big markets which copy fashion. We see this demonstrated every year.

Some designer in France or Italy dreams up a new sack look, a handful of dresses using a few dozen yards of fabric. Within 90 days every store from St. Louis to Tokyo has got thousands of sacks and chemises on the racks. And meanwhile our wives and daughters are reading about them in fashion magazines and rushing down to buy the darn things. Within a few more months Sears, Roebuck has them in the big catalog.

That sort of reaction is why we work to get cotton in high fashion and keep it there. Fashion is the bell cow—or Judas goat, if you prefer—which leads the mass market herd.

The first step in fashion is educational work with top designers to get them to accept cotton as a fashion fabric and use it in attention-getting creations.

Next comes publicity to let the rest of the fashion world, and consumers in general, know of the designers' acceptance of cotton. Several hundred style-conscious women can actually see a cotton fashion show. The audience expands to scores of thousands when a publicity service sees to it that editors and journalists get usable photos and information about cotton fashions.

Many times you can go a step further and skip the shows. Fashion bulletins which offer news and photos about cotton styles to all leading fashion editors and journalists have been very well accepted.

Publicity response has been tremendous in every country. The cost is very modest—a few hundred dollars for paper and photos, plus a lot of skill and imagination.



A complete fashion program, however, does require some paid advertising. This is the only way you can absolutely control the contents and timing of your sales message. The institutes usually supplement their fashion publicity program with ads in key fashion magazines. Their circulations are small, but they reach the thousands who influence what the millions ultimately buy and wear.

It is worth while to notice a special extension of the fashion program. In France, and many other countries, women have traditionally had their clothing custom made or sewn at home to get the quality they wanted. France is now running ads to build prestige and acceptance for cotton ready-to-wear. This activity is being carefully watched all over Europe. It may well revolutionize the women's apparel markets by giving women more and better clothing at lower cost. Such an American-type apparel market would open big new opportunities for greater cotton consumption.

The second part of our promotional pattern is press and public relations.

Press conferences, for example, are old stuff to Americans, but not so overseas. One single conference in Austria drew 145 of the country's top journalists and resulted in publication of 169 photos and stories about cotton.

Press sheets are another means of getting worthwhile news and photos about cotton, the cotton industry and its products to editors and journalists who can pass them along to millions of readers. Our Belgian friends recently calculated that last year's total of cotton stories and photos would more than fill 28 solid miles of full-size billboards.

Industry bulletins are used by the cotton organizations to keep their own members informed about the cotton promotion programs.

There are, of course, other aspects of public relations activities. Journalists are invited to tour cotton mills so they can write more factual stories about the industry.

Cotton posters are distributed to schools as part of overall educational projects and so on.

The third phase of our pattern of promotion includes projects designed to tell cotton's story to manufacturers and retailers. These are key groups who decide which fabrics are going to be made up into finished articles and which are going to be stocked in stores even before the consumer gets a chance to voice an opinion.

One way to reach these key groups is through magazines published especially for them with ads stressing cotton's qualities in relation to the product being featured.

Special promotional events, such as Cotton Week, are an excellent way of enlisting the aid of the retailer in stocking and moving cotton goods.

Even more significant, many of our cooperators are following the council's lead and undertaking sales training classes for retail clerks.

Most of the sales training classes use translations or adaptations of the council's Why Cotton as their textbook. Why Cotton has turned into an international best seller—in more ways than one.

Cooperative campaigns, in which the general cotton industry organization joins forces with the makers of a special cotton product to multiply their promotional efforts, are the fourth part of our promotional pattern.

A typical co-op campaign is the corduroy program in France which converted all "corduroy" ads into "cotton corduroy" ads—and boosted sales of this cotton fabric by close to 25 percent.

Market research is the fifth and final segment of our promotional pattern. In market research, trained statisticians collect the facts and figures which tell us who buys what cotton products—and why—or why not.

Published in studies, the results help pinpoint promotion in markets which need it most and with the themes which really reflect the buying habits of consumers.

The pattern of promotion which Cotton Council International has developed combines fashion, press, and public relations, manufacturer-retailer, cooperative campaigns and market research into a hard-hitting, year-around promotional drive for all cotton products.

Altogether, our 9 cooperators are conducting 102 distinct market research and promotion campaigns. The 6 informal cooperators have at least 15 more campaigns underway. More than 100 skilled staff people, many of them trained by Cotton Council International and the National Cotton Council, operate these campaigns.

Last year, more than \$3 million was budgeted for activities like those you have seen. Of this sum, about two-thirds was provided by the foreign cotton in-

dustry organizations themselves. About one-third came from the United States Department of Agriculture under the provisions of Public Law 480—through which Congress authorized the use of part of the proceeds from sales of surplus farm products to build bigger future markets for United States crops.

No more than 5 years ago, the United States, through the National Cotton Council, was the only country in the world where anything of consequence was being done to keep and expand cotton's markets.

Today, cotton has the first true worldwide sales program any basic United States farm commodity ever had.

We had to start behind silk, wool, linen, the synthetics, and even jute, all of which had international sales promotion organizations before Cotton Council International was developed. These are long-range programs. It will take time to reap maximum gains. But we are in the race for these tremendous foreign markets, where more than 30 million bales of cotton are consumed each year, where we hope to see another 10 million bales within the reasonable future.

The purpose of Cotton Council International's program is to build cotton's future in these overseas markets. It is a future which can be as big as the world itself.

#### 1958 PROGRAM OUTLINE FOR COTTON COUNCIL INTERNATIONAL COOPERATORS

##### OSTERREICHISCHES BAUMWOLLINSTITUT RUDOLFSPLATZ 12, VIENNA, AUSTRIA

Fashion-----	Designer liaison, photo service for fashion journals, ads in fashion magazines.
Ready-to-wear-----	Designer liaison, publicity in regular press services, ads in trade publications for makers and retailers.
Children's wear-----	Back-to-school retailer promotion, publicity, trade ads.
Men's wear-----	Publicity, trade ads.
Manufacturers-----	Monthly ads in three textile publications.
Retailers-----	Sales training booklet for retail clerks; Cotton Week in spring, household products promotion in fall, gifts promotion at Christmas; standard all-year counter cards, window posters and other dealer aids.

NOTE.—Promotions such as Cotton Week, back-to-school, etc., involve detailed sales planners, special posters and streamers, trade and consumer publicity and advertising, show-window contests and many other activities in Austria and all other countries where they are held.

Press-----	Monthly press sheet and photo service for all papers, special features for leading publications and spot news releases.
Public relations-----	Informational bulletin for industry members.
Market research-----	Annual surveys of manufacturers and retailers on cotton's competitive position and of consumers on purchasing trends and fiber preferences in apparel and household products.

##### NATIONAAL KATOENINSTITUUT KALANDENBERG 1, GHENT, BELGIUM

Fashion-----	Photo service for fashion journals, publicity in press services.
Ready-to-wear-----	Designer liaison, traveling fashion shows (2), publicity.
Cooperative-----	Upholstery: sales plan book for retailers, trade ads for architects and fabric makers. Corduroy; retailer promotion in early fall. Work clothes: retailer promotion in late fall. Laundry: booklet on cotton washability, posters for laundries and cleaners.
Retailers-----	Cotton Week: spring white sales; cooperative promotions; trade ads.
Press-----	Monthly press and photo service.
Public Relations-----	City of Ghent's "May Queen" acts as "Cotton Queen"; industry bulletin; educational booklets and sample boxes for schools; illustrated lectures for sewing schools.
Market Research-----	Retailer survey.



## NATIONAAL KATOENINSTITUUT KALANDENBERG 1, GHENT, BELGIUM—continued

Special..... Visit of United States Maid of Cotton serves as theme for fashion, public relations, retailer promotions, general publicity, and other activities.

## SYNDICAT GENERAL DE L'INDUSTRIE COTONNIERE FRANCAISE 3, AVENUE RUYSDAEL, PARIS, FRANCE

NOTE.—The French program is the oldest in Europe and serves as a pattern for all other European programs.

Fashion..... Full-time designer liaison; fashion news and photo service; 21 pages of ads in three top fashion magazines.

Ready-to-wear..... Designer and manufacturer liaison: 35 pages of ads in 1 consumer and 2 trade magazines; publicity.

Manufacturer-retailer.... 51 pages of ads in 11 publications for makers and sellers of dresses, piece goods, lingerie, smocks, blouses, raincoats, men's shirts, children's wear, home furnishings.

Manufacturer..... Display at national textile fair.

Retailers..... Sales training booklets, lectures, and movies; Cotton Week: special leaflets for retailers of men's shirts, lingerie, home furnishings, and raincoats.

Cooperative..... Corduroy: 16 pages of ads in 8 general and special consumer publications, 14 pages of ads in 5 trade publications; men's shirts: retailer booklet re-printing ads described above; work clothes: booklets, ad mats, and posters for retailers, plus trade ads for makers and retailers.

NOTE.—Constant publicity support is given to all manufacturer, retailer, and cooperative campaigns.

Press..... Monthly press and photo service for all papers; quarterly press sheet for regional press association; special features for leading magazines.

Public relations..... Industry bulletin; statistical service for industry; educational booklets, sample boxes, and movies (2) for schools.

Market research..... Annual survey on quantity of cotton and competing materials consumed in major end uses; annual survey of retailers and manufacturers on competitive position of cotton in apparel and household products; consumer survey on men's furnishings; survey of structure of French textile distribution system; publication of 1957 studies.

Special..... Maid of Cotton (see Belgium).

## INSTITUT DER DEUTSCHEN BAUMWOLLINDUSTRIE SCHAUMAINKAI 91, FRANKFURT AM MAIN, GERMANY

Fashion..... Designer liaison; touring fashion show (35 cities); fashion photo service; ads in fashion magazines.

Manufacturer-retailer.... Ads in trade publications.

Retailer..... Sales training booklets, lectures and slides.

Cooperative..... Corduroy: trade and consumer ads.

Press..... Monthly press and photo service; special feature service for radio and television.

Public relations..... Speakers' bureau; educational booklets, sample boxes and movies for schools; loan displays for fairs, schools, and stores.

Market research..... Survey of quantity of cotton and competing fibers consumed in major end uses; consumer trends and preference study; numerous spot studies and surveys.

Special..... Participation in series of home sewing courses.

## ISTITUTO COTONIERO ITALIANO VIA BORGONUOVO 11, MILAN, ITALY

Fashion-----	Designer liaison; fashion news and photo service; touring fashion shows (12 cities); 33 pages of ads in 7 fashion magazines; contest to choose 5 best-dressed (in cotton) women in Italy.
Ready-to-wear-----	Thirteen ads in four consumer publications on dresses, men's wear and children's wear; RTW also included in touring fashion shows.
Retailer-----	Cotton Week; sales training booklets; 14 pages of ads in 2 trade publications; national shop window display contest.
Press-----	Monthly press and photo service; special service for radio and television.
Public relations-----	Industry bulletin; booklets, sample boxes and movies for schools.
Market research-----	Survey of cotton's competitive position in end uses; survey of consumer trends and preferences; survey of textile processing system in Italy.
Special-----	Displays at fairs (2).

## JAPAN COTTON PROMOTION INSTITUTE 8, 3-CHOME, BINGO MACHI, HIGASHI-KU, OSAKA, JAPAN

Fashion-----	Miss Cotton (modeled after NCC's Maid of Cotton); fashion photoservice; pattern and educational booklets for design schools; fashion shows at special events.
Manufacturer-retailer----	Spring and fall central displays to introduce new cotton fabrics and styles to wholesalers and retailers; contests for best designs; trade ads and publicity.
Retailer-----	Cotton week; sales training booklets, promotion bulletin.
Cooperative-----	Raincoats: retail and wholesale posters, national car cards, 70 radio spots on 10 local stations, 4 network television programs; Eyelet and Embroidery Fabric: parades and fashion shows in 12 cities, 4 network television programs, 18 network radio spots, car cards in 5 cities, movie slides for all theaters; Kasuri: touring fashion shows, weaving exhibition and fabric display with newspaper, radio, and poster ads in 4 cities; Corduroy and velveteen: 3 pages ads in 3 women's magazines, educational and pattern booklet for home sewing classes, 4 network television programs.
Press-----	Daily liaison with correspondents of all leading general and trade papers and news services; special features for leading publications; periodic panel discussions for press.
Public relations-----	Industry bulletin; speakers bureau; educational booklets, posters, slides and movies (2) for schools, industry, and consumers.
Market research-----	Annual consumer survey, annual retailer survey, annual end use survey, special studies.
Special-----	Aid USDA at international trade fair cotton exhibit; displays at municipal and prefectural fairs of Japan.

## NEDERLANDS KATIEIN INSTITUUT, ZYPENDAALSEWEG 12, ARNHEM, THE NETHERLANDS

Fashion-----	Touring fashion show (30 showings); fashion photo service; 6 pages ads in 1 trade magazine; 8 pages ads in 2 women's magazines.
Manufacturer-retailer----	24 pages ads in 1 trade publication.
Retailer-----	Cotton week; sales training booklet; fall and winter fabric promotion; Christmas gift promotion.



NEDERLANDS KATIE INSTITUUT, ZYPENDAALSEWEG 12, ARNHEM, THE  
NETHERLANDS—continued

Men's wear.....	Touring fashion show.
Press.....	Regular press and photo service (3 times a year).
Public relations.....	Traveling exhibit and movie for schools and women's clubs.
Market research.....	End use survey; retailer survey; consumer survey.
Special.....	Maid of Cotton.

SERVICIO COMMERCIAL DE LA INDUSTRIA TEXTIL ALGODONERA, PASEO DE GRACIA 19,  
BARCELONA, SPAIN

Fashion.....	Designer liaison; fashion news and photo service; 105 pages ads in 4 fashion magazines; shows for special events.
Ready-to-wear.....	Designer liaison, publicity for blouses and skirts.
Manufacturers.....	Educational booklets (reprints of articles, speeches, and broadcasts) and statistical surveys on cotton.
Retailers.....	Cotton week; white sales; back-to-school promotion; sales training and informational booklets.
Press.....	Monthly news and photo service; special radio and television service; feature service for major publications; semiannual press conferences.
Public relations.....	Industry bulletin; mill and farm tours.
Market research.....	End use survey; retailer survey; trade and consumer preference survey; corduroy and other spot surveys.

PUBLIZITATSSTELLE DER SCHWEIZERISCHEN, BAUMWOLL UND STICKEREI INDUSTRIE,  
ST. LEONARD-STRASSE 22, ST. GALL, SWITZERLAND

Fashion.....	Designer liaison; series of shows (at least 3); photo and publicity service.
Manufacturer-retailer.....	Two pages ads in 2 trade papers; exhibits at textile fairs (2).
Retailer.....	Cotton week; sales training booklets.
Press.....	Regular news and photo service (6 times a year); press kits of background information; special features for leading publications.
Public relations.....	Mill tours; educational booklets, movie, and samples for schools.
Special.....	Maid of Cotton.

STATEMENT BY E. M. NORTON, SECRETARY, NATIONAL MILK PRODUCERS FEDERATION

Mr. Chairman, members of the committee, my name is E. M. Norton. I am secretary of the National Milk Producers Federation with offices at 1731 I Street NW., Washington, D. C.

We thank you for this opportunity to present the policies of the National Milk Producers Federation before this committee on the continuation of the Agricultural Trade Development and Assistance Act, Public Law 480.

Our membership is made up of some 800 dairy farmer owned and controlled dairy cooperatives with a producer membership in excess of 500,000 dairy farm families.

The policies of the federation are developed, reviewed, and approved by the producer membership. This means that the policy position of the federation on national legislative and administrative issues represents the views of the people most knowledgeable about the production and marketing of milk; the dairy farmers.

As they relate to the subject before this committee, the policies of the Federation provide that—

“Public Law 480—the Agricultural Trade Development and Assistance Act—has enabled the dairy industry of the United States to gain a foothold in marketing in some foreign markets. We commend the Congress in extending and expanding the programs under this law and urge its continuation and further development of foreign markets. We ask our Government to plan with our indus-

try to carry on its activity in such a manner that markets once obtained through the present efforts be retained for United States dairy products."

We have supported the objectives of Public Law 480 before and since its enactment on July 10, 1954. The effectiveness of this legislation in providing outlets for the beneficial utilization of our dairy production has been and continues to be dramatically demonstrated through program operations under titles I, II, and III of the act.

We are summarizing below several observations regarding Public Law 480 that we respectfully direct to the committee's attention:

1. Efforts on the part of United States Department of Agriculture to include dairy products in larger volume in the commodity makeup of agreements under title I should continue. If advice and counsel of the dairy industry would be helpful when these agreements are being negotiated, we would be pleased to make such advice or counsel available to the Department. The attached chart No. 1 sets forth the commodity composition and value of commodities exported under title I from the beginning of the program through November 30, 1957, together with the percentage each commodity bears to the total export under title I.

2. The reports on distribution programs carried on in foreign countries by the voluntary relief agencies, under title III, are forceful evidence of the contribution these programs are making toward improving the nutritional level of undernourished peoples in friendly foreign countries. Information set forth in chart III supports the statement that operations under this title have been particularly helpful not only in the management of the relatively small surplus production of milk but have made nutritious dairy products available to thousands of children and adults in friendly foreign nations. We suggest that these programs have significant foreign-aid implications, and, therefore, consideration should be given to transferring an appropriate part of these costs to the foreign-aid program.

3. While the Commodity Credit Corporation is reimbursed under title I and title II, we suggest that, as we do in the case of title III, these costs should be more properly charged to foreign aid.

4. We support the use of foreign currencies accumulated under title I for research projects to develop additional uses for United States agricultural commodities in the various countries.

5. As a tool toward the effective management of excess agricultural production, we believe that annual programing for the various distribution activities such as foreign relief would minimize and could remove the depressing effect which Government stocks of dairy products have on producer prices. Such programing could conceivably, in the case of dairy products, make it possible for CCC to commit both actual and anticipated acquisitions.

6. The amendment to title I enacted last year which provided that up to 25 percent of the foreign currencies generated under each title I agreement would be available for loans is further evidence of the farsightedness of the Congress. We suggest that the effectiveness of this provision might be increased if the provision is made applicable to the foreign currencies heretofore accrued rather than to the foreign currencies to be accrued under agreements negotiated since last August.

7. The proposals to extend Public Law 480 for 2 years and increase the funds available for the remainder of this fiscal year are supported by our organization. The enactment of these proposals would bring stability to program planning and give assurance that adequate funds are available to continue the program on an accelerated basis.

We thank the committee for the attention given our observations and recommendations on Public Law 480.



## CHART I

*Commodity composition, export, market value, and CCC cost under title I agreements of Public Law 480 from beginning of program through Nov. 30, 1957*

Commodity	Export market value		CCC cost	
	Amount (millions)	Percentage of total	Amount (millions)	Percentage of total
Wheat and wheat flour.....	\$833.8	41.2	\$1,435.0	46.9
Feed grains.....	130.8	6.5	236.5	7.7
Rice.....	164.8	8.1	290.4	9.5
Cotton.....	424.2	20.9	593.1	19.4
Cotton linters.....	.3	.01	.3	.01
Meat products.....	40.4	2.0	40.4	1.3
Tobacco.....	110.8	5.5	110.8	3.6
Dairy products.....	35.1	1.7	58.3	1.9
Fats and oils.....	277.5	13.7	284.9	9.3
Poultry.....	1.2	.1	1.2	.04
Dry edible beans.....	.4	.02	.4	.01
Fruits and vegetables.....	5.9	.3	5.9	.2
Seeds.....	.4	.02	.4	.01
Total.....	2,025.6		3,057.6	

## CHART II

*Commodity composition and cost to Federal Government of foreign distribution under title III of Public Law 480 (fiscal year 1957)*

Commodity	Cost (millions)	Percentage of Total cost
Beans, dry.....	\$6.8	2.7
Cheese.....	57.3	22.5
Corn.....	1.8	.7
Corn meal.....	20.5	8.0
Flour, wheat.....	44.1	17.3
Milk, nonfat dry.....	94.9	37.3
Rice.....	25.9	10.2
Wheat.....	3.3	1.3
Total.....	254.6	100.0
Dairy products (total).....	152.2	59.8

## STATEMENT OF FLOYD ROOT, PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS

The National Association of Wheat Growers was organized on May 2, 1950, as a nonprofit corporation. The national is a voluntary association of State wheatgrower organizations. Our membership includes the wheat-producer organizations for the States of Kansas, Nebraska, Colorado, Texas, Washington, Idaho, Oregon, and Wyoming. Representatives from Montana and North Dakota, who are now working to form independent wheat-producer organizations, serve in an advisory capacity.

The national association held its eighth annual convention at Spokane, Wash., February 4-7, 1958. During this convention, a recommendation was unanimously approved in support of the continuation and expansion of the Public Law 480 program. The resolution reads as follows:

"The disposal of surplus agricultural commodities and the market development opportunities under this law, are a necessary part of any agricultural program during the period when agricultural production is above normal. The Department of Agriculture and its cooperators are commended for the accomplishments they have made in moving surplus commodities into foreign markets.

"(a) We recommend that Public Law 480 be continued, and urge that it be adopted as a permanent part of the agricultural program.

"(b) We favor expanding the market development activities for United States surplus commodities under the provisions of this law."

May I emphasize that as long as there are burdensome agricultural surpluses in the United States we feel that Public Law 480, or a similar program, should be considered as a necessary long-range part of the overall agricultural program for maintaining stability of farm prices.

We strongly support the intent of Congress as expressed in the language of Public Law 480, that sales of United States surplus agricultural commodities for foreign currency or for barter should be in excess of the usual marketings of such commodities for dollars. It is often difficult to determine usual marketings for dollars, but after 3 years of operation of Public Law 480, during the fiscal year 1957, more United States agricultural exports moved as commercial sales than in any of the preceding 4 years. Commercial sales of agricultural commodities increased about \$700 million over fiscal year 1956. Foreign currency sales accounted for 27 percent of agricultural exports; barter sales, 7 percent; emergency relief and welfare donations, 5 percent; credit sales, made primarily through the Export-Import Bank, 1½ percent; the balance or 59½ percent of our agricultural exports were commercial or dollar sales.

The national association recommends that in an extension of Public Law 480, that an administratively satisfactory barter provision be included. It is our desire that the barter of agricultural commodities be in addition to our dollar sales and not as a replacement for dollars.

To encourage foreign trade, we recommend that Congress give consideration to allowing the Commodity Credit Corporation to accept goods or products from foreign countries, as well as local currency under title I, if these products can be moved into the United States market. This procedure would encourage reciprocal trade with the United States. Otherwise, nondollar countries must sell their goods on the foreign market and in turn buy their foodstuffs from other exporting nations.

We also support section 104 (a), which provides local currency for use of United States associations to expand the sales of their commodities within foreign countries which have signed Public Law 480 agreements. Four States which are members of the national association are now carrying on active market development projects under Public Law 480, in cooperation with the Foreign Agricultural Service of the United States Department of Agriculture, to expand the markets for United States wheat and wheat products in foreign countries.

The most extensive program is in operation now in Japan, where the Oregon Wheat Growers League and the Washington Association of Wheat Growers have had projects under way since February 1956. These projects are changing significantly the dietary habits of the Japanese people to accept wheat foods as a supplement to rice. The Japanese Government has adopted an official policy encouraging increased consumption of wheat foods for economy reasons and because the addition of wheat to the diet improves the level of nutrition. Since the end of World War II, the consumption of wheat foods in Japan has increased 300 percent in Tokyo and the other population centers. Before the war, the average per capita consumption of rice was 330 pounds, while today it has declined to 264 pounds. In contrast, consumption of wheat before the war was only 30 pounds, while at present, in urban areas, it has increased to over 90 pounds.

The Kansas and Nebraska Wheat Grower Associations have projects under way now with the Foreign Agricultural Service, in South America, Europe, and the Caribbean. The wheat growers associations are working closely with the United States flour millers through their Millers' National Federation, to expand the sales of flour, wherever possible, as well as United States wheat.

In concluding this report, I want to emphasize the importance of the 480 program to our Nation's wheat growers. There are unlimited opportunities for market development projects with local currency in foreign countries. These funds make possible a unique cooperative effort between agriculture, industry, and government. The tremendous export movement during this past year has been no freak of the market. In countries of underconsumption, millions of people for the first time have had the money to buy wheat and other foods which they need.

Public Law 480 has been referred to as a temporary program, but why should this be the case when it is a program that works? May I suggest to this committee that serious consideration be given to the development of a permanent program incorporating the features of Public Law 480, which are now making it possible to sell United States agricultural commodities to people who need them.

We feel that it makes sense to use our surplus agricultural commodities to feed hungry people, instead of letting them pile up in warehouses and paying



expensive storage costs. Such food is a powerful weapon in the cold war and is more effective in most cases than guns and ammunition. We, in the United States, should be smart enough to learn how to use our surplus food as an asset in seeking economic stability nationally and peace in the world, instead of treating it as a liability and a price depressing burden.

May I express appreciation to the members of this committee from the National Association of Wheat Growers, for the opportunity of allowing us to present testimony to you on the continuation of the Public Law 480 program.

#### WORLD BARTER TRADE PLAN

By George H. Salmon, New York, N. Y.

Anyone who has had occasion to make a real study of world conditions realizes that the entire world's economy is sick. United States Government free gifts or any further reduction in tariffs will not cure the ills, but only prolong the misery.

The population of the world is continually increasing, and every country, in order to exist, must find an outlet for its increased productive energy. Prolonged dole and free gifts not only serve to demoralize and degenerate the minds of the people, but serve to create a psychological opposite outlook on life, disregarding society, conventions, law, and order; ready to absorb and follow any method, system, or plan which might offer the slightest possibility of bettering conditions, thus offering a fertile field for communistic propaganda which promises "free space in heaven" and leads to integration into the Soviet bloc.

Our industrial production is at its highest peak. Any further increase (as recently demonstrated by our automobile industry), without increasing the export trade, will end up having to warehouse industrial surplus along with agricultural surpluses.

We have so much to offer that the rest of the world wants and needs. Billions of dollars worth of agricultural products and foodstuffs are rotting away in the so-called Government farm surplus warehouses while nearly half of the world is undernourished and undergoing slow starvation.

Nearly every part of the world that needs our products has something to offer in exchange. I agree that many such products are not needed by us or are not suitable for this country, but we certainly can find markets for such products in other parts of the world in exchange for such products as can be used by us. What the world needs is trade, not aid.

#### SUGGESTED REMEDY

(a) Create ocean-traveling barter trade caravans sailing the 7 seas to the 4 corners of the earth, bringing to the shores of almost every land a comprehensive exhibit of American-made goods, agricultural products, modern utilities, raw materials, etc., offering to exchange for "what have you." Such a project, if properly and wholeheartedly put into operation, would promote barter trade and good will among all nations and prevent trade wars which eventually lead to bloody wars. It would provide wider markets for products of all nations, more employment, and a higher standard of living.

(b) Abolish completely free gifts. Instead, offer to make long-term loans at fractional rates of interest.

(c) Offer free technical, cultural, and educational advice.

In my 40 years of experience in international banking and export, and in my many travels around the world, I have had an opportunity of studying economic conditions in many countries. I earnestly believe that if a program of this type were to be inaugurated by private enterprise with the full sponsorship of the United States Government, and if only 10 percent of the money expended in free gifts were to be used in carrying out a program of this type, not only would the people of the United States be relieved from the heavy burden of taxation, but it would help build good will, ease off the present tension, and gradually prevent trade wars which, I repeat, inevitably lead to bloody wars.

Personally, I do not believe that the people of Europe, the Middle East, and the Far East, in their hearts, desire war. I believe they still have not recovered from the ravages of the last war. But they must live and, to exist, they must have trade.

The United States is the only country in the world that can and is able to inaugurate a program of this type, which would serve to bring all nations together and make it possible for all to live in peace.

An outlet for their productive capacity would enable them to enjoy modern appliances and utilities and a higher standard of living, but this must be achieved through work, not through charity and free gifts.

The entire plan is designed to be operative as a 100 percent private enterprise, to which the United States Government would lend its support by creating a Government agency (or utilize an existing agency) which would provide facilities for factoring accounts secured by warehouse receipts or bills of lading.

The CHAIRMAN. Mr. Gathings of Arkansas will call the next witness.

Mr. GATHINGS. Mr. Chairman, it is a distinct pleasure for me to welcome Mr. Robert Downs of Harrisburg, Ark. He is from my district, one of my constituents. He is an outstanding farm dealer in the State. He began as bank president of the Arkansas Farmers Union, and has moved up to the top of the ladder. He is now president of that organization. We think a great deal of him in the State of Arkansas. I should like to welcome him.

The CHAIRMAN. Mr. Downs, we are delighted to have you with us this morning, and we shall be glad to hear from you.

**STATEMENT OF ROBERT W. DOWNS, MEMBER OF THE NATIONAL BOARD OF DIRECTORS OF THE NATIONAL FARMERS UNION AND PRESIDENT OF THE ARKANSAS STATE FARMERS UNION**

Mr. DOWNS. Thank you, Mr. Gathings, and thank you, Chairman Cooley. I would like to say in the beginning, again, that I am Robert Downs, member of the national board of directors of the National Farmers Union and president of the Arkansas State Farmers Union.

I would like to commend the committee for the good work that you have done thus far on Public Law 480.

I am here to present the testimony of the National Farmers Union, and I shall do so in this written statement which I shall read.

National Farmers Union supported the basic legislation which led to the passage of Public Law 480. Moreover, we have the distinction of having had an important part in its conception, drafting, and enactment into law by the Congress. We continue to support extension of the program while supporting United States leadership in the establishment of a multilateral agency under the auspices of the United Nations, the purpose of which would be to work out the solution to trade problems on a multilateral basis instead of on a bilateral basis. Negotiations and sales under Public Law 480 have become, in effect, multilateral because third and fourth country interest must be taken into consideration under the law.

Therefore, it would appear a wise course of action to have our Government take the lead in negotiating the means toward this end. Senators Humphrey, Murray, and others have proposed such action in recent years and the Senate passed a resolution to this effect in 1956, but it was dropped in conference. A big advantage of an International Food and Raw Materials Bank would be the elimination of lengthy negotiations of sales required under the bilateral operation of Public Law 480. Until we are willing to take the lead in the establishment of a multilateral agency of this type, Farmers Union



will continue to support the extension of Public Law 480. We feel, however, that Public Law 480, as presently operated, falls far short of being effectively used to fulfill the objectives of our foreign policy. With your permission, Mr. Chairman, we will confine our remarks to some long-range consideration in the operation of the law and to the barter program.

Secretary Benson wrote a letter to the chairman of the Senate Agriculture Committee, Senator Ellender, on February 17, 1958, in which he said:

\* \* \* In some instances the movement of basic commodities under Public Law 480 results, under the current escalator provisions of legislation, in higher price supports than would otherwise prevail. For example, on February 7 we announced the price support for cotton at 81 percent of parity. There is no question that this price support is substantially higher than it would have been in the absence of the exports under Public Law 480.

Mr. Chairman, this statement illustrates clearly the fact that the Secretary has failed to grasp the significance of having an abundance of food and fiber and the part it can play in furthering the foreign policy of the United States. Instead he is worried about the insignificant increase in the price-support level of cotton which he attributes to cotton sales under Public Law 480.

If the Secretary's attitude toward Public Law 480 in general is reflected in the quote on cotton, and we have good reason to believe that it is, we wonder whether the curtailment of the barter program in May of 1957 was to keep the surplus of cotton and other affected commodities at a point where the escalator provisions of law would not apply and thereby deliberately hold down income to hard-pressed cotton producers. If this is true, the Secretary's belief in lower prices has reached the ultimate point of ridiculousness and fantasy.

The fact is that a high percent of the commodities moved abroad under Public Law 480 have come directly from the stocks of CCC. This accounts for the fact that, except for some small price-support increases due to reduced supply percentage, farm prices have not been greatly influenced one way or the other. It is clear to us that the benefits of the Public Law 480 program accrue to all United States citizens, including farmers in their capacity as citizens, and that under the circumstances it is basically a foreign policy program.

Neither farmers union nor informed Members of the Senate or House view Public Law 480 as merely the means to a food and fiber disposal program. Rather it is looked upon as a new concept in the conduct of our foreign policy. Public Law 480 is a part of the United States foreign policy program, not part of our farm policy program.

The agriculture committee of the National Planning Association recently made the following statement:

The use of agricultural surpluses to strengthen the economies of underdeveloped countries can be an important long-range element of our foreign policy.

The United States has not anywhere near fully used its abundance of food and fiber as an integral part of our general foreign economic assistance program. And only limited quantities of food and fiber have been used under section 402 of the Mutual Security Act to further foreign policy and defense objectives of the United States—limited amounts in terms of the quantities which might be used. The Senate Foreign Relations and House Foreign Affairs Committees

have consistently sought greater use of our food and fiber abundance under this section. The administration asked only \$175 million of mutual security funds be earmarked under section 402 to finance the export and sale of United States food and fiber for foreign currency in fiscal 1958. However, the action of these committees resulted in increasing earmarked funds to \$200 million.

These two examples of interest in expanding our food and fiber uses abroad serve to illustrate that our abundant food and fiber have become instruments of our foreign policy and that they can be used to a much greater extent in the future.

Officials of the Department of Agriculture have asserted that the Public Law 480 program is nothing more than a farm surplus disposal program and, as such, is only a temporary program. Apparently the Department of Agriculture has failed to grasp the significant part that expanded use of food can play in the kind of economic development, military aid, and technical assistance programs conceived in Public Law 480, Mutual Security Act, point 4 legislation and the other foreign assistance programs, including those conducted by private agencies. Farmers Union does not agree with such a limited conception of the Public Law 480 program.

Farmers Union does not concur with a contemporary farm organization—the Farm Bureau—that the Public Law 480 program is only a temporary program. Farmers Union feels that our food and fiber are just as important as our dollars, in the conduct of the Nation's foreign assistance programs and that Public Law 480 should be made a permanent, long-term part of our Nation's foreign policy.

It is a matter of conviction with us that it is morally wrong to permit starvation and malnutrition to exist anywhere in the world if there is productive capacity to fill the need. We are convinced that the justification of our view, and those who may share it, is grounded in fundamental humanitarian considerations inherently subscribed to by the citizens of this Nation. We are convinced that at least gradually rising standards of income, diet, and nutrition are a basic essential to political stability in nations attempting to maintain representative democratic governments. To do this requires an ample supply of food and fiber to prevent inflation during the period of rapid capital investment that is so essential to expanding economic growth in the developing nations. These concepts, we feel, are important in the conduct of our foreign policy to promote and encourage democratic institutions and governments in those areas of the world just beginning their economic development.

Additional food and fiber to permit an increasing per-person consumption is basic to needed capital accumulation and industrial development under free and democratic institutions. To force industrial development in a country where the working population is caught in a Malthusian cycle of scarce food and poverty is to force on the country totalitarian methods of enforcing the capital accumulation required for such development. The other side of the coin is the breaking of the Malthusian cycle of poverty, establishment and growth of democratic institutions providing the underpinning required for industrial development. In this process, food and fiber, and capital from outside a developing country are needed.

Believing as we do in government of the people, for the people, and by the people, we in the United States have an important stake in



promoting and encouraging the conditions that make representative government possible in all areas of the world where it is within our resources and persuasive capabilities to do so.

We submit that, with vision and imagination, we should be able to use our food and fiber and productive capacity as assets in (1) helping to build the economies of developing nations, (2) in defense of the free world and (3) in conveying the interest and concern that citizens of the United States feel for their neighbors in other nations.

The United States must learn to live as a good neighbor in the community of free nations—not as a big brother who, because of size and weight, expects special concessions and is reluctant to share his wealth of material goods with younger members of the family.

State Department witnesses in hearings before the Senate Foreign Relations Committee declined to state for the record any foreseeable date when the United States would not find it necessary to participate financially in foreign economic development programs. Under the circumstances, there is justification for long-range planning for using Public Law 480 as an instrument of our foreign policy.

The United States has the productive capacity to meet steadily, on an annual basis, the marginal requirements for food and fiber to buttress our foreign-policy programs. In fact, the United States unfortunately has allowed itself temporarily to become embarrassed by an ample supply of food and fiber and the capacity to produce it. But effective and prudent use can be made both of existing supplies of food as well as productive capacity under Public Law 480.

The United States is presently using food and fiber in ways that are more effective than United States dollars would be in the conduct of our foreign aid programs. Consequently, as long as foreign economic aid programs are justified at all, there is ample justification for continuation of Public Law 480.

Selling our agricultural commodities for local currencies and using the currencies as loans or grants for economic aid—and I would like to insert that we have not used such loans and grants nearly as much as we should for economic aid—serves the dual purpose of speeding economic development and increasing the supplies of food and fiber in needy countries, thus preventing the inflation that otherwise results from rapid capital investment.

Much of the cost of many development projects—roads, dams, irrigation projects, schools, etc.—is for labor and locally produced materials and equipment which can and should be paid for with local currencies; and in most of the underdeveloped countries supplies of food and fiber are woefully inadequate.

One of the greatest underlying needs of all of the lesser developed countries is more and better schools, with programs of general and vocational education. Most of the people in these countries are illiterate and unskilled. The local currency can be used to build schools, to train teachers and pay their salaries. The food and fiber can be used to give a better clothing to those attending schools at all levels. In many of the lesser developed nations parents would be forced to keep children at home to work in the rice paddies for their individual sustenance, even if free schools were provided. Food and fiber are the greatest of assets under these conditions because it permits attendance at school and vocational training in improved agricultural

methods. Enlarging and improving the educational systems in these countries is a longtime process and aid for this purpose would need to be on a continuing basis, the same as will the other kinds of economic development loans provided for in the Mutual Security Act.

Mr. POAGE. Mr. Downs, right there, you have touched upon a point that troubles many of us. I know it troubles me.

We all agree that we ought to try to help starving people wherever we can do so simply to take care of their immediate needs. However, now, you mention these people who are forced to keep their children from school, even if there were schools, because they have to work in the rice paddies.

Why do they work in rice paddies? To produce enough income by selling the rice. These people in Thailand and Burma, they raise that rice and other agricultural commodities and they sell those commodities to the people in town.

Now, if you are to give that man in town surplus wheat or surplus rice, then that man who is out in the rice paddy cannot sell that little bit that he is growing and he will not be having that income, neither he nor his children. It may not have been much that he got from the man in town, but it was all that he got, and you are going to take that away from him.

Now, how far are you going with this thing? Are you going to send these commodities to this man in town and destroy and starve the man in the country? Where do you stop?

Mr. DOWNS. This is not intended, Mr. Poage, to apply to a normal market. This we are talking about is a person who would not be a potential customer anyway.

Mr. POAGE. I understand that and I understand that it is not a normal market, but I am just telling you, and you know it, that when you feed this man in town then you have destroyed this farmer, and I do not care what the intention is. What little market there is for those commodities you are taking away from this man in the rice paddy, and he loses what little business he has in town, and he himself is without an income. Of course, he still has got a little rice but that is all that he has got, and he cannot buy anything else.

Do you not simply destroy the actual operation of the free economy when you go to doing this thing on a big scale and actually undertake to feed vast populations free?

Mr. DOWNS. Aren't those people, Mr. Poage, people that at the present time not only are not getting any food, but they are not getting an education—

Mr. POAGE. They are living.

Mr. DOWNS. Yes sir.

Mr. POAGE. And they are buying from that man in the rice paddy. They are giving him mighty little for it, I know that. He may not get much, but he gets something and if we carry out this proposition of giving the people in town wheat—then he has lost even that little market for rice.

Mr. SMITH. Would you yield?

Mr. POAGE. Surely.

Mr. SMITH. Why do nations impose import quotas for the same reason you are talking about?

Mr. POAGE. Of course. They do it to try to protect their own producers. Why do we do it?



We recognize that if you bring in more wheat from Canada into the United States and undersell the American market the effect is to hurt the American farmer. We want to keep the Canadian wheat out and your organization is in favor of keeping it out so that the American farmer would have the market.

Now, why should you go to Thailand and destroy that man's market and do to him what you would not do at home?

Mr. DOWNS. We feel that there is, Mr. Poage, quite a lack in the diets of those people and these are not intended to replace any of the business going on in these countries, but rather to supplement the inadequate diets and nutritional standards.

Mr. POAGE. All right. But when you bring in Canadian wheat at 10 cents a bushel less than the local market price, would you not to that degree be robbing the American farmer and if you do it on a big enough scale you destroy the American farmer.

Mr. DOWNS. I think that we have the capability, sir, that those people do not have in these countries.

Mr. POAGE. Sure, have got the capability, but it is a matter of exactly the same thing, is it not? What is the difference between bringing in Canadian wheat let us say at \$1.40 a bushel and bringing in American wheat into Bangkok at nothing a bushel? It is merely a difference in degree, is it not?

Mr. DOWNS. Well, sir, our producing capabilities are so much different.

Mr. POAGE. Certainly, I agree with you there. We all know that. We can produce a great deal more, but is the American wheat producer any more dependent on the sale of this wheat than that man in the rice paddy in Thailand is dependent on the sale of his rice?

Mr. DOWNS. Well, of course, we are thinking about the matter of people in Bangkok and on farms in the adjoining area, for instance, whose children have to work in the rice paddies rather than go to school, we are thinking not only of the inadequate diet but also education which is basic to breaking the cycle of poverty in which they are almost hopelessly caught.

Mr. POAGE. Well, the children in Bangkok do not work in the rice paddies because they live in the city.

Mr. DOWNS. No, but the man in the outside——

Mr. POAGE. That man outside makes so little his children have to work, don't they—and there are a lot of people in the United States in the same shape, aren't there?

Mr. DOWNS. There are.

Mr. POAGE. Well, in some parts of the country, I am sure in my part, there are families of cotton pickers. Some of them are children. I think that you have the same situation in Arkansas.

Mr. DOWNS. That is right.

Mr. POAGE. And they do it because they cannot afford to do otherwise. Isn't that right? If everybody had plenty of money they would not close their schools and send their children to go pick cotton.

Mr. DOWNS. That is correct.

Mr. POAGE. Of course not. And they are doing the same thing that Thailand is doing, with a little difference in degree. But would you destroy those people in America and would you destroy their income? You would not do that. So why destroy that man in some other country?

The CHAIRMAN. You do not wish to destroy. You wish to help him.

Mr. DOWNS. That is right.

Mr. POAGE. I want to know how you help him.

The CHAIRMAN. Mr. DOWNS, you may complete your statement.

Mr. DOWNS. Thank you.

Special food and fiber distribution programs are needed to insure that the supplies represent additional consumption and that they do not unfavorably influence normal imports from other countries or prices received by local producers. The governments of many countries do not have the knowledge or experience needed to develop and administer such programs. Therefore, technical assistance in planning and administering programs for distributing the food and fiber, as well as assistance in planning and administering educational and economic development projects, is needed.

Long-term loans, rather than grants, for programs involving economic development are desirable where the receiving country prefers a loan and where repayment would not slow down the rate of economic growth. However, grant authority is needed to aid countries where repayment of the full amount would slow down the rate of development. For example, a number of years are required for programs of general and vocational education to bring general increases in production and national income. Grants for at least part of the aid for education would enable many developing nations to enlarge and improve their educational systems more rapidly than they otherwise would be able to afford.

Donations to voluntary relief agencies for distribution abroad supplement the diets of those in greatest need. In this connection, we endorse the testimony that representatives of voluntary agencies will present to the committee. The agencies or their representatives usually supervise the distribution down to the ultimate consumer. Many of them conduct or help support schools, hospitals, child-care centers and similar institutions in the receiving countries and much of the donated foods is used in these institutions. The donations are welcomed by recipients and by their governments. The program has not aroused the fears of other exporting countries and it has popular support here in the United States. It should be an integral part of the continuing program.

Grants for emergency relief of famine and other disaster service have long accepted humanitarian purposes and hasten the recovery of distressed people and governments. Such grants should continue. Greater participation by voluntary agencies would speed up the distribution in the stricken country and help insure that the supplies go to those in greatest need.

Some concern arises from the fact that accumulation of soft currencies by the United States as the result of Public Law 480 and section 402 programs could result in serious problems in the years ahead. Statements to the effect that the "soft loans" made to developing nations will never be repaid are being circulated. In this connection, Farmers Union's views are as follows:

First, we believe that most of the funds that go into these so-called soft loans will be repaid. Here in the United States we have seen soft loans made by the Reconstruction Finance Corporation in the business and industrial sector of our economy and by the Farmers'



Home Administration and the Rural Electrification Administration in the farm sector. So-called soft loans made by these agencies have been and are being repaid with interest. The losses have been negligible.

Repayment of loans for economic aid received in the form of local currencies in the years ahead will reach substantial sums and care will be needed to avoid putting an undue strain on the economies of the borrowing countries. If the payments are not reloaned or otherwise utilized in the borrowing country, that country's money supply may be reduced to the point that the purpose and objective of the loan cannot be achieved. Since economic development is a long-time process, this problem is almost certain to arise in the developing nations. We should be prepared to reloan a substantial portion of the repayments for further economic development projects.

Foreign currency holdings of the United States in the year ahead should be kept to a minimum. This appears to be desirable for the following reasons: (1) Large holdings of foreign currencies by the United States may arouse fears of economic imperialism in newly independent countries. (2) The objective of assisting developing nations to raise standards of living and to develop economies can best be realized if we keep our foreign currency holdings at work. Attendant to this matter will be uncovering additional prudent uses for our foreign currency holdings which contribute to the objectives sought by participating countries.

Establishment and maintenance of reserve stocks, particularly in countries with meager food supplies, should be part of a continuing program. Such food and fiber stocks could be drawn on immediately if disaster struck and could be used for other purposes as well. Some reserve supplies might be released in times of temporary shortages and rising prices to be replaced by further acquisitions from the United States, other exporting countries, or local production. Numerous problems will arise in connection with the establishment and administration of reserve food stocks in other nations for both the supplying and receiving nations. For example, storage facilities must be constructed, stocks will have to be rotated and managed carefully to prevent losses, and measures must be taken to release stocks so as to prevent adverse effect on local producers of food.

These problems can be solved. The benefits to be derived from these reserves justify, in our view, an international organization such as an International Food and Raw Material Reserve or a World Food and Fiber Board. While the functions of such are subject to negotiation between nations participating in a reserve program, we see it as helping with such matters as (1) enlarging the number of exporting countries to participate in a good and fiber reserve, (2) assisting in the establishment of regional reserves to serve two or more neighboring countries, (3) providing technical and administrative assistance in the establishment, management, and use of national reserves, and (4) assisting with the problems attendant to the rotating of stocks.

Farmers Union supports enlarged as well as long-range Public Law 480 program. The 1957-58 Public Law 480 program was only half large enough.

The long-time extension of Public Law 480-type program is in the interest of all the citizens of the United States. Based on the analy-

sis of the program by administration officials in hearings before Senate and House Agriculture Committees, it is clear that Public Law 480 has been of greater benefit to the country as a whole in the realm of foreign policy than an equal number of dollars spent in any other way. Public Law 480 is a vital part of foreign policy, not basically a domestic United States farm program or a surplus-dumping scheme.

Farmers Union supports the barter provision of Public Law 480, which Secretary Benson ceased to administer early in 1957. Barter provisions should be retained in the longer term extension of the law and Secretary Benson directed to continue barter operations.

In 1954, the first year of the Public Law 480 program, the Department of Agriculture approved 68 barter contracts valued at approximately \$29 million. The following year, 1955, 99 contracts valued at \$224 million were approved. In 1956, 170 contracts valued at approximately \$349 million were approved. Barter transactions during 1957 were continued at approximately the same rate as 1956 until May 28, when the program was cut off by administrative action. During its operation, over \$800 million of commodities were traded for strategic goods for which the United States has an almost insatiable thirst, as the world's largest industrial nation.

The Department acted to cut off the barter program, it was announced, to maintain dollar sales. However, the record shows that as the barter program increased so did the dollar sales from CCC stocks. We are not impressed, Mr. Chairman, by testimony before the Senate Agriculture Committee and this committee by the Department of Agriculture in which they express the opinion that the commodities involved in barter transactions could have been sold for cash.

The fact is that with the cutoff of the barter program, gross exports and cash sales declined simultaneously. In this connection, we refer you to part V of the report of the Senate Agriculture Committee entitled "Food and Fiber as a Force for Freedom."

The Senate Agriculture Committee carefully noted the foreign policy implications of the barter program. They arrived at the conclusion that any advantage accruing to sales of agricultural commodities through barter was limited by its very nature to small, highly competitive discounts which could be offered. Furthermore, they felt that facts did not warrant the position taken by other nations who expressed concern about our barter program.

Since the Department of Agriculture established the highly restrictive regulations which limit the sale through barter of commodities to relatively few nations, the discounts being offered under the present barter program are becoming larger. This is true because it is difficult to sell the commodities into the countries which the Department approves for such sales. This has led to grain companies demanding and receiving larger discounts from the barter companies offering materials because of the greater risks that must be run in disposing of the commodities. The most classic indictment that can be made of the Department's present barter procedure is this inevitable result which, while applying to only a small volume, has encouraged such large discounts as to give valid cause for complaint from friendly nations.

The record shows clearly that there was a substantial savings in storage costs occasioned by the exchange of the commodities for the materials. The Department of Agriculture statistics show clearly



that the storage costs of the materials taken is approximately one-fiftieth of the storage costs of the commodities given in exchange. Furthermore, the value of the materials that have been accepted has increased substantially over their value at the time of acquisition.

Operation of the barter program before May 1957, brought into our country needed strategic materials. As time goes on these materials will be of increasing importance as a part of our total national resources. We need, therefore, to cultivate sources of supply by restoring the barter program.

In view of the past record of the Department of Agriculture in operation of the barter program, we believe it is necessary to further amend Public Law 480.

It is not our intention to recommend that language which we feel is necessary. But we do feel that the committee should take action to indicate support for reactivating the barter program. In this connection, we believe that the approach in S. 3420 is realistic and should be upheld. In directing the Secretary of Agriculture to continue the program, the Senate Agriculture Committee included language in their bill as follows:

\* \* \* to the maximum extent practicable and within the limit permitted by this section \* \* \* the Secretary is directed to barter or exchange \* \* \*.

Farmers' Union strongly endorses the operation of the barter program at the maximum level consistent with practical business principles and world market conditions. We believe that the barter program should be operated in such a way as to approach the goal established in the Senate bill, but we do not believe that barter contracts or agreements should be approved irrespective of the merits of the transactions being offered.

In order to reach the goal established in S. 3420, we believe that barter contracts should not be so severely restricted as under present limited operation of the program, but available through the exporters to all of the free nations.

The United States is fortunate in having the abundant food and fiber supplies without which a Public Law 480 program would not have been possible. We believe that because of the foreign-policy aspect of the program the benefits accrue to all United States citizens, not just farmers. Under the circumstances, the costs of the program should be charged to the Nation as a whole, and not solely to farmers and farm programs.

The CHAIRMAN. Mr. Downs, we thank you very much for your statement.

Mr. DOWNS. Thank you, sir.

The CHAIRMAN. We are very glad to have you here. I am sure the committee will consider the views you have expressed.

I should like to comment on one matter in your statement, on page 3, where you say:

It is a matter of conviction with us that it is morally wrong to permit starvation and malnutrition to exist anywhere in the world if there is productive capacity to fill the need.

In addition to that statement, you say that the Public Law 480 program should be a permanent program.

Does that mean you are in favor of utilizing the full productive capability of American agriculture if necessary to feed the people of the world?

Mr. DOWNS. I do.

The CHAIRMAN. Any further questions?

Mr. ANFUSO. Yes. Mr. Downs, first of all, I want to congratulate you on your very fine presentation.

Mr. DOWNS. Thank you, Mr. Congressman.

Mr. ANFUSO. You say on page 10:

In view of the past record of the Department of Agriculture in operation of the barter program, we believe it is necessary to further amend Public Law 480.

Now, after that statement, after the language in our Report No. 1716 where we clearly stated "barter" as a priority method of disposal, and after the testimony of Mr. Berger yesterday, do you believe, in view of the testimony of Mr. Berger, that unless we put some language in the law making barter possible, that the Department of Agriculture under Mr. Berger would promote barter?

Mr. DOWNS. I do not think so. I would think that you will have to spell it out.

Mr. ANFUSO. I think it is the clear intention of the administration under Mr. Berger to kill barter and they have successfully done it. It has gone from a gross of almost \$1 billion to where it is now down to only \$11 million, and all the strong language we can put in the report will not make him change that unless we have some language in the law to say, "We believe in barter. Barter is necessary for national defense, it is necessary for the security of our country, and it is necessary to move our agricultural surpluses and you must follow that principle."

Unless we have some language which directs him to do that, you do not believe he will pay any attention to the strongest language in a recommendation?

Mr. DOWNS. No sir; I do not think so.

The CHAIRMAN. Thank you very much, Mr. Downs. The committee will adjourn until tomorrow morning at 10 o'clock.

(Whereupon, at 11:55 a. m., the committee adjourned to reconvene at 10 a. m., May 7, 1958.)



## EXTEND PUBLIC LAW 480

### Agricultural Trade Development and Assistance Act of 1954

WEDNESDAY, MAY 7, 1958

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D. C.*

The committee reconvened, pursuant to adjournment, at 10:05 a. m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Mr. GATHINGS (presiding). The committee will come to order.

Off the record.

(Discussion off the record.)

Mr. GATHINGS. On the record.

I would like to read for the record a letter received from the Department of State under date of May 5, to Chairman Cooley, giving the views of the Department of State with respect to the extension of Public Law 480:

DEAR MR. COOLEY: The Department of State appreciates the opportunity to express its support of continuation of Public Law 480 and to supplement the presentation by the Department of Agriculture in regard to certain aspects of the program.

The Department of State recognizes that the primary purpose of Public Law 480 is to reduce the size of our agricultural surpluses and to develop new markets for American farm products abroad. At the same time, we believe that disposal of surplus commodities under the act serves important foreign-policy objectives.

The bulk of our title I sales is to underdeveloped countries, many of which have serious foreign exchange problems. In such cases, we are able to help them over difficult periods by supplying food and fiber for local currencies, and thus enable them to use their scarce foreign exchange to purchase needed capital goods. In addition, we contribute to their economic development through foreign-currency loans under section 104a (g) of the act. We believe that the latter will help significantly in attaining the long-run objective of strengthening the basic economy and provide the basis for continued political stability in those countries. This, in turn, will result in better potential customers for United States products.

One major problem in connection with economic development is the large backlog of foreign currencies which have not been put to use. I am glad to inform you that steps are being taken to remedy this situation and that simultaneous negotiation of the sales and loan agreements is now taking place. This should help materially in effecting a wider utilization of foreign currencies to finance economic development projects.

An essential element in the economic development of the less developed countries is the education and training of people within these countries. Foreign currencies under the provisions of Public Law 480 have been used for educational programs related to economic development with considerable success, and this use in the opinion of the Department should be expanded. These countries are sorely in need of skilled, semiskilled workers, trained administrators, teachers, and technicians. Foreign currencies can be used most effectively to

speed up this process and to make a start toward raising the general level of education.

The Department has a particular interest in the utilization of Public Law 480 foreign currencies for its educational exchange program. It would like to extend those uses as provided in S. 3420 as passed by the Senate. Section 2 of the Senate bill will permit more effective use of these currencies for educational exchanges and assistance in support of American educational institutions and activities abroad. The Department will be glad to furnish such further detailed information as the committee may desire concerning the nature and contemplated scope of these activities.

Sincerely yours,

THOMAS C. MANN, *Assistant Secretary.*

I would like to submit this for the record.  
(The letter referred to is as follows:)

DEPARTMENT OF STATE,  
Washington, May 5, 1958.

HON. HAROLD D. COOLEY,  
*Chairman, House Agriculture Committee,*  
*House of Representatives.*

DEAR MR. COOLEY: The Department of State appreciates the opportunity to express its support of continuation of Public Law 480 and to supplement the presentation by the Department of Agriculture in regard to certain aspects of the program.

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Sincerely yours,

THOMAS C. MANN, *Assistant Secretary.*

Mr. GATHINGS. The first witness on the list this morning is Mr. Samuel Giudici.



Is Mr. Giudici present?

Mr. GIUDICI. Yes, sir.

Mr. GATHINGS. We would be glad to hear from you, Mr. Giudici.

**STATEMENT OF SAMUEL E. GIUDICI, OF LIMA, PERU, REPRESENTING C. B. FOX CO., NEW ORLEANS, LA.**

Mr. GIUDICI. Mr. Chairman, gentlemen, the recommendations advocated herein are designed to increase the sales of wheat and other surplus agricultural products on a dollar basis, with foreign countries.

Briefly stated, it recommends that the Congress of the United States authorize the Commodity Credit Corporation to sell these products through United States exporters to foreign customers on a straight credit basis, placing the financial responsibility upon the foreign client and eliminating the costly necessity of the opening of foreign letters of credit through foreign banks and the further costly need for a confirmation of this credit by a United States bank.

The writer is located in a South American country, representing C. B. Fox Co., of New Orleans, grain exporters; and he has had 14 years' experience observing the great difficulties encountered selling United States grains in competition with Argentina and other foreign grains.

Argentina sells at prices—for wheat at least—of about \$6 a metric ton on an f. o. b. basis below United States wheats of like quality.

Consequently, it is necessary to devise some method to eliminate this disparity to make our wheats salable.

This can be done by lowering the cost of financing to the borrower.

It is a true fact that in most of the underdeveloped countries the costs of financing imports are extremely heavy.

Borrowers must pay from 10 to 14 percent a year for loans from their banks, and the cost of opening a letter of credit in those countries runs from 1½ percent to 2 percent, and when these costs are added to the 1½-percent-a-year charge for confirmation of a foreign bank credit by a United States bank, the total finance charge averages close to 15 percent.

The uncertainties of the rate of exchange between these countries and United States dollars adds an added cost often exorbitant; for example, the cost of covering the possible exchange depreciation.

All in all, it can be figured that \$70-a-ton United States wheat costs the importer in foreign countries an additional 10 United States dollars a ton for finance charges.

The Commodity Credit Corporation's well-devised plan of credit sales has helped to close the gap between the costs of foreign and United States wheats.

The maximum credit term under this plan is 3 years, which is coupled with an extremely low rate of interest, currently approximately 3 percent per annum. This plan is very beneficial.

Calculating the saving on an interest rate of, say, 12 percent per annum in those countries and the 3-percent rate of CCC, on \$70 wheat or 9-percent saving reduces the United States cost from \$70 a metric ton to about \$65 a metric ton.

However, this saving is to a considerable part offset by the requirement of CCC that the foreign buyer open a letter of credit to guaran-

tee payment. This, plus the additional cost of the confirmation by a United States bank, amounts to about 3½ percent and reduces the saving of a ton of wheat purchased under the CCC credit sale from 9 percent to 5½ percent, or from about \$6 a ton to only about \$4 a ton.

This still leaves the United States wheats some \$3 a ton above Argentine and other producing countries' costs. The foreign millers must of necessity purchase the lower cost wheats.

The CCC should be authorized to sell on straight credit terms freeing the buyer from the costly necessity of the presently needed financial guaranty. Such authorization would facilitate the selling of United States wheats on the world markets on an equal price basis as other producing countries.

In Peru alone I estimate that commercial sales of United States wheats would be increased by some 50,000 tons annually should such a plan be adopted.

The credit risk in selling to the millers in foreign countries through United States exporters would be considerably less in my opinion than the risk involved selling under Public Law 480, wherein the proceeds are to a large extent loaned back to the country and payable back in some 20 years.

A foreign country unable to repay on due date would be impervious to usual commercial collection methods and might postpone repayment indefinitely.

On the other hand, a privately owned miller could not evade his responsibility and would be obliged to close out his business were he to default, and the usual commercial legal redress could be obtained.

It is recommended that such arrangements be entered into only with firms of recognized financial and commercial standing; be limited to 25 percent, approximately, of their milling capacity, and that the credit terms be limited to 18 months instead of the usual, the possible, 3-year terms under CCC.

This proposal would have no adverse effect on United States banking, as it would only make possible business that could not otherwise be effected.

Credit is essential to business, and the above proposal would, in effect, increase the credit of the importers and millers who are often sorely limited by their local bankers at the heaviest crop-buying periods.

It is believed that a simple directive from this committee would free the CCC Board of Directors from their present responsibility of accounting on a guaranteed basis for their credit sales and would greatly increase sales of United States wheats and other agricultural products abroad.

Mr. GATHINGS. I wonder, Mr. Giudici, if you would give us your home city and your background, something for the record?

Mr. GIUDICI. My home city now—

I have been 14 years in Peru, in Lima, Peru. My home city in the States is Forest Hills, Long Island. That is a part of New York City.

I have been in the importing-exporting business all my life, and have represented C. B. Fox Co. in Peru in the sales of grain for about 8 years.



I was formerly the Chief Special Representative of the Board of Economic Warfare for the United States in Peru for some time during the last war.

Mr. GATHINGS. We are delighted to have your views and observations with respect to this program.

Any questions? [Several responses.]

Mr. GATHINGS. I believe Mr. Harrison is first.

Mr. HARRISON. I would like to ask, Mr. Giudici, if the problem that you present here is true in other countries, that is, other producing countries—do they present the same problem as does the Argentine?

The one you mention here is Argentina alone.

Mr. GIUDICI. You mean the same problem of the buying country?

Mr. HARRISON. You mentioned Argentina as being the one country that is selling below world-market prices.

Mr. GIUDICI. Yes.

Mr. HARRISON. And you mentioned \$6 a ton?

Mr. GIUDICI. Yes, sir.

Mr. HARRISON. Now are there other countries that we compete with that present that same problem?

Mr. GIUDICI. That also undersell United States wheat?

Mr. HARRISON. Yes.

Mr. GIUDICI. As a rule, Canada.

Mr. HARRISON. And your method of meeting this underselling is by reducing the finance charges to the miller, directly to the miller.

Is that right?

Mr. GIUDICI. Yes, sir.

The Commodity Credit Corporation—under Public Law 480, the Secretary of Agriculture is authorized to meet foreign competition. He does that by the establishment of an export subsidy, which, I believe, is decided every day, which is based on a great many factors.

But this export subsidy does not meet foreign competition—in wheats, at least—in every market.

Mr. HARRISON. Well, Public Law 480, the intent of it was not to undersell the world market.

Mr. GIUDICI. That is right. Yes, we understand that.

However, as the setup is, we not only do not undersell, but we overoffer by about \$6 a ton.

And the export subsidy applies, not only to Public Law 480, but to dollar wheats.

Mr. HARRISON. Well, Public Law 480 gives us the chance to sell to countries and to accept their currencies, and that is the advantage we have over some other countries?

Mr. GIUDICI. That is right; yes, sir.

Mr. HARRISON. Now, we run into some difficulties here in the way of underselling the world market, and Public Law 480 is supposed to sell at the world market prices. But the Argentine, as expressed here, is selling at \$6 a ton, or approximately, under the world market?

Mr. GIUDICI. Under United States markets.

Mr. HARRISON. And your method of meeting that particular roadblock is to decrease the financing to the miller, or I guess it would be the miller in this case?

Mr. GIUDICI. The miller, yes.

Without any additional further export subsidy or any other money out of the Treasury of the United States.

Mr. HARRISON. And if this miller goes to his own bank to borrow money, it costs him in the neighborhood of 12 to 14 percent; is that right?

Mr. GIUDICI. Yes, sir.

Mr. HARRISON. And do they apply to the Export-Import Bank for a loan?

Mr. GIUDICI. Yes, sir. Quite a few of them have, I understand.

Mr. HARRISON. Has it been granted?

Mr. GIUDICI. And the Export-Import Bank, on the particular miller that I have in mind, has granted a line of credit to this miller on the basis of a year; however, demanding that the miller open a letter of credit from his local bank in their favor to guarantee their repayment.

Mr. HARRISON. What is the rate of interest of the Export-Import Bank?

Mr. GIUDICI. Approximately  $5\frac{1}{2}$  percent, a very fair rate of interest. But the cost of opening the letter of credit and of the bank endorsing each one of the drafts drawn under that credit would come to about  $3\frac{1}{2}$  percent.

Mr. HARRISON. Which would increase their total price?

Mr. GIUDICI. Yes, sir. Three and a half percent on \$70 wheat is about \$2.40 a ton.

Mr. HARRISON. So, we have not gained very much by obtaining a loan from the Export-Import Bank, when the loan has to be guaranteed by their local bank?

Mr. GIUDICI. No, sir.

As a matter of fact, I see no particular benefit.

If the miller gets his own local bank to open a letter of credit, that bank can open a letter of credit to any bank in the United States, private bank. They would charge, perhaps, a little more interest, maybe 6 percent.

Mr. HARRISON. Your suggestion is for Commodity Credit Corporation to loan directly to the miller.

Is that right?

Mr. GIUDICI. Not to loan to the miller—to sell the wheat through one of these United States exporters on the responsibility of the buying miller.

Mr. HARRISON. Rather than selling to the Government, they would sell directly to the miller and accept his collateral, whatever that may be?

Mr. GIUDICI. Well, whatever financial arrangements they could make; yes. The Government would not enter into it.

The Commodity Credit would sell through, say, any American exporter to a designated buyer down there and relieve the exporter of the responsibility of repayment and placing the entire responsibility for repayment on the foreign buyer.

Mr. HARRISON. Don't you think we would have a great many financial dealings throughout the country if we undertook that sort of an operation?

Mr. GIUDICI. Well, we might. We want to sell these products though.



Mr. HARRISON. Yes, we do. It would maybe cost more than it does under the present program. I see your plan.

I have no further questions.

Mr. GATHINGS. Mr. Anfuso.

Mr. ANFUSO. I have just one question.

Mr. Giudici, I believe you said you represent C. B. Fox Co.?

Mr. GIUDICI. Yes, sir.

Mr. ANFUSO. Is that the same Fox who is going to testify here this morning?

Mr. GIUDICI. I believe Mr. Fox is going to put in a statement.

I represent him in Peru, not here in Washington.

Mr. GATHINGS. Mr. Smith.

Mr. SMITH. What is the difference in the freight rate on a bushel of wheat from Argentine and one from Western United States?

Mr. GIUDICI. Well, that varies, sir, but generally speaking I would say that it is a little bit less from Argentina to, say, Lima; or to, say, anyplace on the west coast of South America, than it is from the gulf to any point on the coast of South America. Because when shipping from the gulf, the ship has to pay \$1 a ton on canal toll charges.

Mr. SMITH. And Argentine wheat comes by rail?

Mr. GIUDICI. No, sir; it comes around the Horn.

Mr. SMITH. Comes around the Horn?

Mr. GIUDICI. Yes.

Mr. SMITH. Is there enough differential between the freight rates to cause them to change from one—

Mr. GIUDICI. There is practically no differential.

Mr. SMITH. That is all.

Mr. GATHINGS. Thank you so much, Mr. Giudici, we appreciate your appearance.

Mr. GIUDICI. Thank you.

Mr. GATHINGS. The next witness is J. M. Chambers, 2521 Connecticut Avenue.

Mr. Chambers, you do not have but 2 or 3 copies of your statement?

Mr. CHAMBERS. Mr. Chairman, we have adequate copies, I believe.

Mr. GATHINGS. Do you have an associate here?

Mr. CHAMBERS. Yes, Mr. Chairman. This is Mr. Stanley Groggins of M. Golodetz & Co., who has been in charge of our Government business for some 18 years.

Mr. GATHINGS. We are glad to have you gentlemen.

I wonder if you want to submit your statement, and then talk ex-temporaneously?

Mr. CHAMBERS. That is what I was going to suggest, sir.

#### STATEMENT OF J. M. CHAMBERS, REPRESENTATIVE OF M. GOLODETZ & CO., ACCOMPANIED BY STANLEY GROGGINS

Mr. CHAMBERS. In the interest of time, I will try to be as brief as possible.

Mr. GATHINGS. You may proceed in your own way.

Mr. CHAMBERS. Mr. Chairman, I represent M. Golodetz & Co., of New York City. Since 1940 we have been supplying the United States Government with ores and minerals. In the field of manganese and chrome we have been one of the largest suppliers to the strategic and

critical stockpile. We have been participating in the barter program to a significant degree.

Now, Mr. Chairman, Public Law 480, as you all know, is entitled "The Agricultural Trade Development and Assistance Act." It stated certain policies that it was designed to carry out. Its basic purpose, according to the legislation, was to bring about a greater utilization and enjoyment at home and abroad and among friendly foreign nations of the abundance of food and fiber produced on the farms of the United States.

When this law was enacted, the Congress took careful note of the fact that the Department of Agriculture had not been carrying out, to any appreciable extent, the authority granted it to barter by the Commodity Credit Charter Act and the Agricultural Act of 1949. By Public Law 480 it specifically directed the Department of Agriculture to barter or exchange surplus commodities for strategic materials which were less likely to deteriorate and would be cheaper to store. That the Congress intended that this be done is clearly set out in the report of the committee on this legislation, where, among other things, it said, and I quote—

that one of the important amendments is to establish barter as a priority disposal method.

As you know, that law was approved in 1954. Agriculture did, thereafter, establish a reasonably sized and meaningful barter program. However, without warning, in April of 1957, the program was suspended. Then on May 28, 1957, the directive came out, which has been discussed so frequently here, which resulted in the program practically being killed.

Up until the time of its suspension, close to \$900 million worth of commodities had been disposed of through the barter program. This accomplished one of the main purposes of the act which was to help dispose of surpluses. However, since May 28 of last year the Department has consummated contracts in an amount less than \$25 million.

Now, we do not know why, Mr. Chairman, this has been done, but it is clear that within the Department there is much opposition to the program. Mr. Berger, in testifying before your committee, said that the program had been curtailed for hard business reasons. Apparently, from his testimony, these reasons were based primarily on the opinion that so-called barter sales were displacing cash sales, and he said he had found himself in the position of competing with himself for sales into what he calls hard-currency countries. Give him credit for consistency, because in earlier testimony before your committee, and before the Senate committee, he testified in a similar vein. In each case he said that it was his opinion, and that he did not have the facts on which to base it.

Now, Mr. Chairman, that is perhaps the only place where I agree with Mr. Berger's testimony. He had no data to support his opinion. As a matter of fact, until this committee, as well as the Senate committee, requested these data, and that have since been released by the Senate committee, Agriculture had no record on which to base a decision of this kind. This information was furnished in the early part of this year to the Congress, was based on data which extended through October 1957. Please remember that the barter program ran through



May 1957, so the report reflects a very short period of time, Mr. Chairman, in which barter was not operative.

These data did not support the position that Agriculture had taken. To the contrary, they showed clearly that each year that barter increased, cash sales increased, as did our gross exports of surplus agricultural commodities. Similarly, after the program was cut off, our gross exports started to drop, and there are clear indications that the cash sales from CCC stocks are also off.

Mr. Berger argued that there were other factors for these changing figures and I am sure that there well may be. But in the absence of evidence of these other factors which might be affecting the program, it would appear that we must take the statistics that Agriculture has furnished and draw our conclusions from them.

Mr. Chairman, with your permission I would like to submit for the record as a part of my statement the tables to which I have referred, that show the exports from CCC stocks due to barter and to cash sales.

Mr. GATHINGS. Without objection, they will go in the record at this point.

(The document referred to is as follows:)





*U. S. Department of Agriculture barter transactions—Value of materials taken other than those on the list of stockpile items for calendar years 1950 through October 1957*

[In millions of dollars]

Agency and material	1950	1951	1952	1953	1954	1955	1956	1957 (April)
<b>ICA:</b>								
Blankets, wool.....					0.2			
Cotton yarn.....						0.1		
Fertilizer.....			5.8	6.9	19.8	2.4	5.5	
Silk, raw.....				.8		1.4	.8	
<b>Defense:</b>								
Boron minerals.....							4.1	
Fertilizer.....					15.2			
Soybeans.....	7.4							
French housing.....								50.0
<b>AEC:</b>								
Thorium nitrate.....							8.8	
Zirconium sponge.....							4.5	
<b>Total.....</b>	<b>7.4</b>		<b>5.8</b>	<b>7.7</b>	<b>35.2</b>	<b>3.9</b>	<b>23.7</b>	<b>50.0</b>

*U. S. Department of Agriculture—Export of agricultural commodities*

[In millions of dollars]

Exports as a result of—	Calendar year 1953	Calendar year 1954	Calendar year 1955	Calendar year 1956	January- March 1957	April- June 1957	July- September 1957
<b>I. Dollar sales:</b>							
A. Other than CCC stocks.....	2,289.1	2,112.2	1,588.7	1,314.6	750.2	340.5	162.2
B. CCC stocks:							
1. Cash.....	147.9	344.2	349.1	1,071.7	<sup>1</sup> 19.2	129.8	<sup>2</sup> 437.4
2. Credit.....				4.0	<sup>(1)</sup>	2.0	13.7
<b>II. Barter sales.....</b>	<b>14.0</b>	<b>29.9</b>	<b>224.1</b>	<b>349.6</b>	<b>97.4</b>	<b>87.7</b>	<b>68.0</b>
<b>III. Foreign currency sales under title       I, Public Law 480.....</b>			266.0	604.5	310.7	334.0	160.0
<b>IV. Sales financed by ICA programs.....</b>	<b>350.6</b>	<b>497.0</b>	<b>362.0</b>	<b>434.5</b>	<b>73.5</b>	<b>113.2</b>	<b>72.8</b>
<b>V. Other programs, including dona-       tions.....</b>	<b>42.2</b>	<b>60.0</b>	<b>404.7</b>	<b>378.8</b>	<b>69.6</b>	<b>121.1</b>	<b>47.7</b>
<b>Total exports.....</b>	<b>2,843.8</b>	<b>3,043.3</b>	<b>3,194.6</b>	<b>4,167.7</b>	<b>1,282.2</b>	<b>1,128.3</b>	<b>961.8</b>

<sup>1</sup> Denotes credit.

<sup>2</sup> Upland cotton export cash sales reclassified to title I, Public Law 480 program.

<sup>3</sup> Includes cotton sales made earlier in 1957 but not invoiced until August and reclassification of some of these cotton cash sales to title I, Public Law 480, is anticipated.

<sup>4</sup> Less than \$10,000.

Explanation: Above data reflects dollar proceeds at export market values, except title II, Public Law 480, and other donations included under (V) at CCC cost. These programs export values have been deducted from the total exports, the residue is reflected as "Dollar sales, other than CCC stocks."

Mr. CHAMBERS. Now it would appear there are other factors of a hard business nature which should have been considered and which should have encouraged carrying out this program to a maximum. The fact that we have a storage bill for our commodities of approximately \$1 million per day should be a very cogent reason why most hardheaded businessmen would try to reduce their inventories. For this reason alone Agriculture probably should have been very anxious to carry out the specific directive that Congress gave it in Public Law 480.

However, there are other values which have accrued to our country as a result of this program that are much more persuasive.

First of all, the values of the materials taken by Agriculture in exchange for the agricultural commodities as of October 31, 1957—and that, Mr. Chairman, is included in this same table—has increased some \$57 million. While there may be temporary fluctuations in the

value of these materials, they will certainly increase in value as world stocks diminish.

Second, the annual storage costs of the materials taken in exchange for the commodities as of October 31, 1957, is only \$3,700,000 as compared to \$106 million annual rental for the commodities given in exchange. And again, Mr. Chairman, these are in Agriculture's own figures, which I have had put in the record.

Third, since the commodities were sold through normal commercial channels, they were in effect merely another sale by the Commodity Credit Corporation. In fact, Mr. Chairman, there is no difference in the world markets between a so-called barter sale and a so-called dollar sale. The commodities are purchased from the Commodity Credit Corporation in exactly the same manner as any other commodities are purchased and are sold abroad for hard cash.

I understand that testimony will later be given on this point by the Commodity people who are present here today. The statements of Agriculture concerning the adverse effect that the barter program has had on the prices paid to the Commodity Credit Corporation should be examined most carefully with these witnesses.

Fourth, because the so-called barter sales are tied in with the purchase of materials to be delivered to the Commodity Credit Corporation, the funds engendered by the sale of these commodities abroad are used to purchase the materials that are delivered to Agriculture. The economy of the nations of the free world that sell these materials is thereby increased by these sales. In most cases, these materials could not have been sold in the quantities and at the time that they were sold but for the fact that a market was created for them through the barter arrangements, which did not otherwise exist. These contributions to the improvement of the economy of the free world are an important part of the foreign-policy benefits derived from this program. And parenthetically, Mr. Chairman, most of the nations, or many of the nations, that are selling these materials are nations whose economy we are aiding through our foreign-aid programs and other types of Government aid.

Fifth, in addition to the payment for the materials mentioned above, which goes into the free world nations, the transportation costs of the commodities and materials are paid out of the proceeds of the sale of the commodities. Fifty percent of the shipments of the materials must be on American-flag vessels. As a result, American shipping profited materially by the shipment of materials.

Sixth, under procedures which were permitted until near the end of the barter program, American processors of foreign ores could offer semiprocessed materials which were paid for out of the proceeds of the sale of the commodities. The incalculable benefits that resulted to the management and the employees of this significant segment of our American industry did much to sustain them through the early stages of the present depression and the cessation of the barter program has denied a market to them which, if now available, would do much to help them through this trying period of financial unrest. It is my understanding, Mr. Chairman, that testimony on this point will be given by representatives of this industry later during the hearing.

Seventh, the countries who sold the materials, as a result of the sale of the commodities received hard currency in payment for them.



They thereby increased their dollar balances, and with those dollars they could purchase additional items from America, which must have helped our economy and secured needed materials for those countries.

Yet, in spite of all these factors, and each of them I submit is a hardheaded business factor, the Department of Agriculture has practically killed the program.

Now, Mr. Chairman, the matter of alleged displacement of cash sales I have covered briefly in my statement, but I know more competent witnesses than I will be discussing that and with your permission I will exclude that from my testimony.

Mr. GATHINGS. How do you account for an increase in cash sales? Just how did that happen; how could it happen?

Mr. CHAMBERS. Mr. Chairman, again I would like to defer to the witness who will follow me. In general terms, the commodity companies—and, sir, these are the same men who sell all the grain that is exported from America—will probably tell you that the barter sales have given them greater flexibility in the way that they have handled all their sales. And I think that they can explain it much better than I. All I can say is that the facts in the record, Agriculture's record, clearly show that as barter sales increased so did cash sales from CCC stocks.

Mr. GATHINGS. Well, I think, according to the Department of Agriculture, 60 percent of the exports were on a cash basis. Now since they practically folded this program up, would that 60 percent go down to 55, or 50, or what?

Mr. CHAMBERS. First of all, Mr. Chairman, as I have said, I do not believe from the standpoint of practicalities there is any difference in the sale of CCC stocks to cover a barter transaction, or a normal cash transaction. Once the sale is made, and they are made in exactly the same way—the grain companies will tell that they buy from the Commodity Credit Corporation for barter in precisely the same way as they buy for any other purpose. Once that has been done, sir, and the American grain is then sold abroad, I have a great deal of difficulty seeing any difference in the manner of sale because abroad they are being sold for hard currencies.

Mr. GATHINGS. Please proceed.

Mr. CHAMBERS. Thank you.

I suggest, sir, while I would be willing, within my limited experience and knowledge, to try to discuss the grain field, that this is not our field. We are ores and minerals people. You have more competent witnesses than I.

The CHAIRMAN. Mr. Hill wishes to ask you a question.

Mr. HILL. Were you in the committee room yesterday when I asked the question about metals?

Mr. CHAMBERS. Yes, I was, Mr. Hill.

Mr. HILL. I suppose you are in favor of just bringing all the barter metals in here that you can get your fingers on, and close every mine in the United States?

Now, would you favor a program like that? Yes or no could be the answer.

Mr. CHAMBERS. Mr. Hill, if you ask me to answer yes or no—and I am sure, knowing you, sir, you are not trying to put me in that position—

Mr. HILL. I expect to put you on the spot, because that is the only thing you can do; you can say "yes" or "no."

Most of them are closed now. We have only a few operating in Colorado.

Mr. CHAMBERS. Mr. Hill, I will answer in the same way that Mr. Lynn answered yesterday:

I will answer "no" to your question; and, having said that, may I explain, expand on it just a little further?

Mr. HILL. Let me ask you this: Then you can just cut the dog's tail off a little at a time—

Mr. CHAMBERS. No, Mr. Hill. I know there is a great deal of concern, and proper concern, for the status of the mining industry of America.

One of the significant things that is in the bill pending before us—and that was in the Senate bill before the barter provisions were stricken out in the Senate—there is new language, sir, which makes it possible for the domestic mining industry to participate in the barter program, which they could not do under the law before.

Now that is No. 1.

Secondly, sir, I do not think that the Department of Agriculture has taken a single ore or mineral which has not been discussed with the Department of the Interior and probably the Department of Commerce. The Department of the Interior certainly is looking out to the fullest extent possible for the domestic mining industry.

And, specifically, I would like to refer to lead and zinc.

The Office of Defense Mobilization, long ago, decided that we had more lead and zinc than we needed for the strict requirements of our national stockpile. But they also, apparently, recognized that we had to do something to try and keep the lead and zinc industries reasonably healthy, so they continued their dollar acquisition program, which, as you know, has recently been terminated.

But here is what the barter program did for the lead and zinc business, Mr. Hill. I recognize that there are two types of lead and zinc mining in this country: one, which you referred to yesterday, where they mine with bulldozers; and the other a more formal common operation. But both have benefited from the barter program.

When the barter program was in, and on a careful procurement basis, Agriculture was draining surpluses off the world markets and putting them into the supplemental stockpile, which cannot be touched except by joint resolution of the Congress. Through this they were supporting the world market prices of lead and zinc. And you had a 16 to 16½ price on one, and a 13 to 13½ cents on the other.

Immediately following the cessation of the barter program, Mr. Hill, the prices on lead and zinc went down to the deplorable level that they are now.

Agriculture is trying through their present program, which is extremely difficult to work—not because of the lead and zinc end of it or anything like that, but because of the commodity restrictions—Agriculture is still trying to help that price situation.

So far, under their limited program, they cannot.

Mr. HILL. Let me ask another hard question—and they are hard ones—and I hope your answer is as good as the one you just gave, which was not any answer at all.



It does not help the miner who is out of business. I am talking about the workmen.

You do not help the fellow who owns the mine; he is out of business.

Just list the minerals you have in mind, so we can hear what you suggest we barter for. I do not see how you can trade horses unless the other fellow has a horse you can use after you get him.

Where I was raised, once in awhile we used to trade horses. Some came home with just a halter; and that is what you are proposing today, that you trade your horses. And when you finally wind up with the trade, the poor devil who had the horse in the beginning comes home with the halter, no rope, no horse.

Now, tell me—and be realistic, and list them—what are you going to trade for?

MR. CHAMBERS. Let's start first of all with high-grade manganese.

MR. HILL. Let's talk about tungsten.

We have some tungsten mines in my district, and there is not one operating.

Now would you trade anything for tungsten? Would you?

MR. CHAMBERS. Mr. Hill, if you ask what I would trade, that is one thing. And if you ask what our Government would trade it for, that is another question.

MR. HILL. I am talking to you and not to the Government. You are the witness. The Government is not on the stand at all. Neither is the Department of Agriculture.

MR. CHAMBERS. Well, tungsten, so far, has not been, as far as I know—there have been no tungsten transactions under the barter program.

You asked me what I think I should take.

MR. HILL. I hope there is no tungsten barter.

MR. CHAMBERS. I would take high-grade manganese, which we have very little of in this country.

MR. JENNINGS has a little bit of high-grade manganese, which is being used now.

MR. HILL. How do you know we have? What makes you state that?

MR. GROGGINS. May I interrupt on the subject of manganese, since I am a member of the Manganese Industry Advisory Committee of the Minerals Mobilization Administration of the Department of the Interior, and I am supposed to know something about that one subject, at least; having supplied a couple of million tons to the United States Government stockpile since 1940.

The question of what high-grade manganese is, may at times be a relative term.

At the present time, we have some small deposits in this country, which cost a lot to mine and operate. We have low-grade deposits, and we are all hoping that one day we will find the process which will permit us to take these low-grade deposits, particularly the ones in Maine and the ones in Arkansas, and the ones in New Mexico, and be able to beneficiate them and use them for metallurgical purposes.

I daresay that the day atomic energy is available for those purposes, and our Government makes them available, our scientists tell us we could probably take all of these low grade deposits and use them.

They are valuable reserves, and we are working—and I know Interior is working—in trying to find better ways to use them.

But in the meantime, I think it is an act of caution and precaution to make sure we have an adequate stockpile on hand. That we have been doing since 1940.

The CHAIRMAN. Off the record.

(Discussion off the record.)

Mr. HILL. That is a peculiar statement to me.

And while we are making the search and trying to find out how to develop this low-grade ore, you go trading for enough of that so you would never have any reason to make any more exploration or mine any domestic ore.

Now that is a funny attitude to take.

Mr. GROGGINS. Now I do not think that opinion——

Mr. HILL. That is what you said.

Mr. GROGGINS. Would be technically supported.

Mr. HILL. That is exactly what you said you would do.

Mr. GROGGINS. Each year we will use more, each year we will need more. Our present stockpiles, so far as statistics are concerned——

Mr. HILL. How do you know there isn't ore? That is the point I make. I do not go along with this idea we do not have plenty of ore here.

Mr. CHAMBERS. Mr. Hill, may I say this, the exact amount of manganese in our stockpiles, of course, is classified to us. We do not know what it is. It is my understanding, in relation to our total requirements for manganese, it is a relatively small proportion. I am not talking just wartime requirements, I am talking for normal steel production. I have talked to, not only manganese people, but steel people, and to the producers of domestic manganese. For some 5 years, one of my responsibilities of working for the Armed Services Committee for the Senate, was the stockpiling program.

I agree with everything you say, but the facts of the matter are, Mr. Hill, that so far as is known in our country today, the Bureau of the Mines and the Department of the Interior and others feel that we do not have enough domestic high-grade manganese.

The CHAIRMAN. May I interrupt? You do not have anything to do with making up the list of strategic materials, do you?

Mr. CHAMBERS. Of course not, Mr. Chairman.

The CHAIRMAN. In other words, that is made up by Government officials?

Mr. CHAMBERS. That is correct.

The CHAIRMAN. When you talk about what you barter for, you cannot barter for anything unless it is listed to strategic materials?

Mr. CHAMBERS. That is correct.

The CHAIRMAN. When we have an adequate supply of any mineral or any other commodity, I assume that the article is dropped from the list?

Mr. CHAMBERS. That is correct. As a matter of fact, Mr. Chairman, from within the total list of 74 strategic and critical items, Agriculture has seldom had more than 20 or 21 for which they could barter.

The CHAIRMAN. I had yesterday a press release from the Department indicating the barter transaction had taken place in recent months, and in that release they indicated some of the commodities that they have bartered for, and platinum was one.

Mr. CHAMBERS. Paladium, I believe, sir, was on the current list.



The CHAIRMAN. I will get that press release. Mrs. Downey will bring it to me.

Are you familiar with that?

Mr. CHAMBERS. Generally, sir; yes.

The CHAIRMAN. How about industrial diamonds?

Mr. CHAMBERS. Industrial diamonds are not on the list for barter at the present time?

The CHAIRMAN. They have been on the barter list?

Mr. CHAMBERS. They have been; yes, sir.

The CHAIRMAN. I assume you have an adequate supply of industrial diamonds, and they have been eliminated from the list?

Mr. CHAMBERS. The industrial diamond people may argue that point, but that is a fact, Mr. Chairman.

The CHAIRMAN. I agree with Mr. Hill about tungsten. I have a tungsten mine in my district, one that held out longer, and is still operating, but operating at a terrific loss. There is great controversy as to whether or not we have an adequate supply of tungsten in our storage warehouses.

Mr. CHAMBERS. Mr. Chairman, you were not here when I spoke very briefly to something which is in your bill that will be helpful to that situation. This bill provides that your processor of tungsten can use domestic ore for the barter program. Heretofore under the law they have not been permitted to do that.

One of the purposes in making sure that your American processors of ores can participate in this program, and they have been excluded by Agriculture's regulations, is to also expand it to permit the domestic processing of American ores, which will be helpful to the tungsten situation.

The CHAIRMAN. I think the purpose of our inquiry here is not to determine what is and is not a strategic material. The question is, are you aware of any interference with normal trade in commerce that these barter transactions have caused?

Mr. CHAMBERS. Mr. Chairman, I have discussed this, before you came back from the Rules Committee and have put into the record statistics which show clearly that since the barter program was started, every year the barter increased, cash sales from CCC stocks increased, and so did our gross national exports of surplus commodities. Then following the cessation of the program our gross national exports started dropping off, as did cash sales from CCC stocks.

To answer your question specifically, "No"; I have found no such evidence. I think the evidence is to the contrary.

The CHAIRMAN. I have been laboring under the belief that if the transactions have substantially interfered with normal trade in commerce, the members of this committee should be advised. I was wondering why the Secretary stopped bartering a year ago.

Mr. McMILLAN. Mr. Chairman, I wonder if the witness will express himself on this subject as to whether he feels that the Reciprocal Trade Act is not causing more irritation as to Mr. Hill's problem than Public Law 480?

Mr. CHAMBERS. Mr. Chairman, I happen to be a very strong believer and a strong supporter of the Reciprocal Trade Act, so perhaps I am a poor witness to answer that question.

There are many ways and means that some of our domestic industrial problems have to be resolved, Mr. Congressman. There are

many bills pending before the Congress, not only to establish statutory quotas and tariffs which I oppose, but bills dealing with trade readjustment programs where either as a result of imports or normal domestic competition, it is necessary for us to help industries diversify and go into different lines. I would hesitate to express an opinion as to whether the Reciprocal Trade Act or the actions of the Department of Agriculture have done more to hurt the barter program. I can see no effect of the Trade Act but know we have no barter program at the moment to discuss. Agriculture has taken care of that.

The CHAIRMAN. Agriculture has submitted evidence and the press release that I have asked for shows that they have reactivated the program, that they are now bartering.

Mr. CHAMBERS. I believe, if the chairman will check the series of press releases, which come out more or less periodically, you will find that the same language is used in each. I submit to you, sir, if you reactivate something, the reactivations stem from the fact that the program was suspended in April of last year, and on May 28—

The CHAIRMAN. May 28.

Mr. CHAMBERS. It was first suspended entirely. On May 28 they came out with a directive which said it was to reactivate the program. It has reactivated it, sir; it is reactivated on the following basis. I think their figures this time indicate something like \$12 million in the period of time they were referring to. But during the past year, and by coincidence it has been almost a year since they came out with the May 28 directive, they have done approximately \$25 million worth of business as compared with some \$360 million in the preceding 12 months. That is how they have reactivated it.

The CHAIRMAN. During that same time our dollar sales are down, too?

Mr. CHAMBERS. That is correct, sir. Dollar sales are down and our total exports from CCC stocks are down following the May 28 directive.

I have inserted that data in the record, sir.

Mr. ANFUSO. Mr. Chambers, yesterday, or the day before, Mr. Berger said something about feed grains, and he said that since the restriction of May 1957 the export of feed grains in hard currency has increased. Is that a fact?

Mr. CHAMBERS. Mr. Anfuso, I was present. I believe it was Mr. Paarlberg who was asked by the chairman to give a specific example of displacement of cash sales. There was some colloquy with Mr. Berger and then Mr. Paarlberg came back to say he would like to refer to their experience on feed grains into the dollar countries. That this was clear evidence that without barter they could sell their feed grains in substantial quantities. So I have made an analysis of certain of the Department of Agriculture's figures, which I would be very happy to submit for the record and which I believe shows an entirely different picture.

Now among the countries he referred to specifically on page 69 of the committee transcript were Belgium and Netherlands. He quoted in terms of bushels of corn and other feed grains the quantities that have been exported—and my figures are in dollars.

They are Agriculture's own figures, and the raw data is in the hands of your clerk. They are from Agriculture.



In 1954 in Belgium, which was one of the countries referred to, the agricultural records show that without benefit of the barter they exported 17.1 million. Nothing through barter and with the total of 17.1 million for the year.

In 1955, when barter came in, you had 20.6 million. Now if Mr. Paarlberg is correct that should have displaced their cash sales. But to the contrary, his sales through cash sales increased to \$25 million in the same year. So that our gross export to Belgium of feed grains in that year was \$45.6 million as compared to the \$17 million of the preceeding year.

In 1956 barter went to \$24.9, cash sales dropped from \$25 million to \$24.3 million, and again your gross exports increased by 4 million so for 1956 you had \$49.2 million. Remember, the cash sales are now \$24 million as compared to \$17 million when there was no barter.

Then in 1957, barter began to drop off. Unfortunately, the figures we have are only for the first three quarters of 1957. But if you will add the figures of cash sales, of cash sales into Belgium during that period, you will find that you have about \$10 million in cash sales in the first 3 quarters as compared to \$24 million for the whole year proceeding, and as your barter sales are dropping off fast your gross exports are off considerably.

I would like, sir, to submit this entire table for the record. But I will say that the experience in the Netherlands is even more striking.

I fail to understand Mr. Paarlberg's testimony the other day, because the facts were available to him as they are available to all of us.

Mr. ANFUSO. Will you submit that for the record?

Mr. CHAMBERS. May I, Mr. Chairman?

The CHAIRMAN. What is the chart?

Mr. CHAMBERS. This is an analysis made of raw data showing for 1954, 1955, and 1956 and for the first 3 quarters in 1957, raw data on exports which is in the hands of the clerk of this committee and in the hands of the Senate Committee on Agriculture. It was furnished by Agriculture in response to inquiries that were made of them by the Congress for additional information on the barter program.

The CHAIRMAN. Without objection it may be submitted for the record.

(The document referred to is as follows:)





Mr. ANFUSO. Referring to that same chart, will you please tell the members of this committee what has happened in those hard-currency countries, what has happened to wheat and cotton?

Mr. CHAMBERS. Well, in all fairness, Mr. Anfuso, the cotton situation to Japan portrays a different picture. I do not know whether there are other reasons for this, but in every other country, that is western European countries, the same pattern holds true, where barter sales have gone up and cash sales have gone up.

Mr. ANFUSO. So that since this curtailment of the barter program by a single individual as of May 1957 we have had a decline in barter sales pertaining to cotton, and pertaining to feed grains, is that correct?

Mr. CHAMBERS. That is what these records show and these are Department of Agriculture records.

Mr. ANFUSO. And at the same time the cash sales have also declined?

Mr. CHAMBERS. That is correct.

Mr. ANFUSO. Now let me ask you this, there was some talk here yesterday about military housing, how Mr. Berger preferred to build the houses with cash instead of building them with these surplus materials. Will you please explain that to the committee?

Mr. CHAMBERS. Well, Mr. Anfuso, this was not a transaction which our company was involved in, but I do have general knowledge of it.

The Department of Defense received a directive in their appropriation act to put some \$200 million through the Public Law 480 program. If they had not put this through the barter program this housing would have been constructed for cash.

I do know this of my own knowledge, but it was reported that it was approximately a \$50 million barter transaction. The Department of Defense put out a press release on this about 6 weeks after the deal was consummated.

In that press release, as I recall, they were very proud of the entire transaction. They said that through no longer having to pay quarters allowances, they could amortize the cost of the construction over a 12-year period, and that if the buildings should be occupied for as long as the contract period, which was a 20-year period, that they would save some \$30 million.

Now I would like to point out one other thing in connection with that. That is the Department of Defense savings.

Mr. ANFUSO. Tell us about the Department of Agriculture savings?

Mr. CHAMBERS. I was going to mention that \$50 million worth of cotton costs approximately 10 percent of its value in annual storage. For on that cotton then, when it was disposed of, and it was handled almost immediately following the completion of the transaction, agriculture started saving approximately \$5 million a year in storage.

So within 10 years the saving in storage alone on that particular transaction would have paid for the housing.

That is all I know about the transaction, sir. That is the French housing transaction that was being discussed. I believe Mr. Simpson asked some questions about that of Mr. Berger.

Mr. ANFUSO. Mr. Berger testified to that.

The CHAIRMAN. Military housing in France that is now on the way?

Mr. CHAMBERS. Yes, sir.

The CHAIRMAN. Was the cotton already delivered pursuant to that agreement?

Mr. CHAMBERS. It is my understanding it was delivered almost immediately, although this is not one of our transactions, and I do not know. But I do know this, Mr. Cooley, Mr. Berger testified he asked for authority not to make any more deals of this kind, and all I point out is the Department of Defense thought it was a fine deal, and it would appear to be good for Agriculture.

Mr. ANFUSO. Mr. Chambers, Mr. Berger made much to do about protecting the assets of the Commodity Credit Corporation. He said he did not want to take in all of these strategic materials and have them stored in this country.

Now, as a matter of fact, did not the Congress of the United States take that duty or responsibility away from him by the passage of section 206 (a) of Public Law 540 in 1956?

Mr. CHAMBERS. Yes, sir. When Public Law 480 was initially enacted it was apparently the intent of Congress that the Commodity Credit Corporation take certain of these materials for their own account to carry them in their own inventory as assets of the Corporation.

However, this was viewed by many people, not those in our line of business, but in industry, as materials hanging over the market. Therefore, the administration came to the Congress in 1956, if my memory serves me correctly, and you enacted Public Law 540.

In section 206 (a), you directed the Commodity Credit Corporation that materials acquired as a result of barter—I am skipping just a little bit—unless acquired for the national stockpile established pursuant to the Strategic and Critical Stockpiling Act, and for other purposes, shall be transferred to the supplemental stockpile. When it goes into the supplemental stockpile, it is taken out of the market and frozen in the stockpile. The minute that transfer is made, Mr. Congressman, you have no longer a protection of assets problem. You are merely using the acquisition of the materials as a means of disposing of your surpluses and Congress annually reimburses the CCC for the value of the transferred materials. The protection of assets is what Mr. Berger has relied on to support the requirement of additionality through which they have limited the countries of the free world into which we can sell the commodities. Not only according to my interpretation of this law, but to the Senate Agriculture Committee this restriction was not based on law.

Mr. ANFUSO. Thank you.

Now, Mr. Chambers, I have many more questions that I could ask you, but we have many important witnesses here. But you are quite a student of the law, as I understand it, and you certainly know this program. I would like to get you into the law field for just one question.

We have here in Public Law 480 the report of the Congress, and we reenacted the law in 1956 where we directed the Department to move these agricultural surpluses and to take strategic materials and to give barter a priority. You know that is in the report?

Mr. CHAMBERS. That is in the report, yes, sir.

Mr. ANFUSO. No. 2, you heard Mr. Berger testify here the day before yesterday, and you heard him say that in spite of all the experts who may disagree with him he still maintained his view and nothing



in the world is going to change it. And you have the experience where since this directive of May 1957—barter transactions, which once reached almost \$1 billion have been reduced to a trickle of less than \$25 million. Now I ask you, in all earnestness, in view of that background, in view of that experience, do you think that we can get away here with a simple law which will not provide some kind of a directive for bartering?

Mr. CHAMBERS. Based on the record, sir, and notwithstanding my good friend Jack Lynn's testimony to the contrary, I think it is clear that without a specific directive from the Congress that Agriculture will not proceed with a barter program of any size.

And I might add, on the law, and I will make this very brief because it is included in my statement, we are considering, among other bills, H. R. 10487, which is the chairman's bill on this subject. I think the intent of that bill, as I read it, is to accomplish three objectives. One is to establish an overall ceiling on the size of the barter program, but within that ceiling to direct the Secretary of Agriculture to carry on a meaningful program and to make it clear that your domestic processors and your domestic mining industry, Mr. Hill, can be permitted to participate in the program. These are its objectives.

I do not believe the bill in its present form, Mr. Chairman, carries out those objectives, and I do suggest certain amendments.

Would you care for me to mention them here? They are in my statement, and perhaps I could work with your staff or someone in trying to get it into proper form.

The CHAIRMAN. What are you talking about, with reference to a mandatory barter provision?

Mr. ANFUSO. Not exactly.

Mr. CHAMBERS. Not exactly, sir. The language that I would suggest be used in H. R. 10487 is designed to remove the legal base on which agriculture was basing its additionality requirement. I have been informed, not only by other people who have studied the legislation, but by people in agriculture, that the changes in H. R. 10487 do not take away this alleged legal base because they were relying on the protection of assets language to support their position.

Now what I am proposing is this, that to the maximum extent practicable, within the limits established by this act, which is \$500 million—and to me that is not mandatory language, because there is a great deal of flexibility there—that the Secretary of Agriculture be required to barter.

Another thing, your bill reads simply: "For materials." That bothers me just a little bit.

The CHAIRMAN. Why?

Mr. CHAMBERS. I think it is too broad, and I know in the debate in the Senate everyone jumped on it as being too broad. I would like to suggest, Mr. Chairman, most respectfully, that you might want to limit materials to strategic materials or other materials for which the United States does not produce its domestic requirements.

Mr. ANFUSO. Isn't that exactly what this Government wants? In other words, you want to protect, not only the Commodity Credit Corporation, but you also want to protect the Government, by not bringing in a lot of things in here which are not strategic.

Mr. CHAMBERS. That is correct.

Mr. ANFUSO. And that you think would meet with more favor generally in the Congress, is that it, sir?

Mr. CHAMBERS. That is what I am proposing; yes, sir.

The CHAIRMAN. I understand your suggestions, and I appreciate your giving us the benefit of them, but I do not see how you can operate effectively a mandatory barter. You deprive your Secretary of all bargaining power if you direct them to barter. Under the law now he has the discretion to barter, and he has been bartering for all strategic material. We think that he should go in and do more of it.

Mr. CHAMBERS. Mr. Chairman, I believe you have more flexibility than you know. In the existing law, which you are not changing, he is directed to barter only for materials which entail less loss through deterioration, or substantially less storage charges. First of all you have given him——

The CHAIRMAN. That is all right, we are giving him authority to do that. We are not forcing him to do it.

Mr. CHAMBERS. All right, sir. Second, in the language that I am suggesting, you are not telling him that he must barter \$5 million a year, you are saying to the maximum extent practicable. You are setting a goal. According to these figures here, Agriculture's figures indicate that for the calendar year 1956, through barter they did \$349 million worth. If you will put a ceiling of \$500 million and tell them, as near as practicable to approach that, I do not interpret that to be a complete directive.

The CHAIRMAN. You do not interpret it to be a directive?

Mr. CHAMBERS. No, sir; you have told him to barter——

The CHAIRMAN. What was the language in the Senate controversy?

Mr. CHAMBERS. To the maximum extent practicable the Secretary is directed, to the maximum extent practicable within the limit permitted by this section, to barter or exchange agricultural commodities owned by the Commodity Credit Corporation.

Now I have suggested a further limitation over the Senate language, and that is to go to the language: Strategic materials or other materials.

The CHAIRMAN. How many strategic materials now appear on the list; do you know?

Mr. CHAMBERS. Sir, the list of strategic materials is a great deal more broad than the list of strategic and critical materials which they have been using. And they have never used the complete list of strategic and critical materials.

On an average they have had some 21 items from the list. And those are the ones which we did not go into further with Mr. Hill on, such as bauxite and industrial diamonds and things of that type.

The CHAIRMAN. Now let us take one illustration of your suggestion. You may store tungsten cheaper than you can store cotton, of course.

Mr. CHAMBERS. I would much rather store ferrotungsten than I would tungsten, sir.

The CHAIRMAN. You do not want the man to barter for tungsten.

Mr. CHAMBERS. Ferrotungsten from domestic sources.

The CHAIRMAN. I am not talking about domestic sources, I am talking about foreign imports. You mean to exchange his cotton for something else that is less bulky?



Mr. CHAMBERS. That is right, sir. You see, there is no question about this being legal, Agriculture did it for 2½ years. And you will have people testifying on this from the ferroalloy industry later.

But prior to Agriculture itself stopping the program, you could take foreign ores and process them into metals and stockpile them. Everyone thinks this is good, including the Government.

But they stopped that, and at no time could you process domestic ores.

Now when they were processing foreign ores, they did not bring in a particular load of ore to process, they took it out of inventory, so there was a requirement in the barter contract to replace foreign ores that were used.

We believe you can now extend this to permitting them to use domestic ores. Then simply keep the requirement in that they bring in an equivalent tonnage of foreign ores, which they will be bringing in anyway. The ferroalloy people will be bringing in for their normal inventories anyway.

Mr. ANFUSO. That would help the miners of the domestic ores?

Mr. CHAMBERS. Absolutely.

Mr. HOEVEN. Mr. Chambers, do I understand that you are not in favor of a mandatory barter program, but are in favor of a flexible barter program?

Mr. CHAMBERS. I am in favor of a sufficient mandate to insure agriculture approaching the goal which is set as a limit in the legislation.

Mr. HOEVEN. Well now, is that mandatory or is it flexible?

Mr. CHAMBERS. It is mandatory to the extent that the Congress is telling them "Just discharge the law." In other words, to barter.

Mr. HOEVEN. The chairman has indicated that the mandatory program is not practicable or feasible or workable.

Mr. CHAMBERS. Well, Mr. Hoeven, I am certainly not going to be presumptuous enough to take issue with the chairman, or any member of this committee, but I would like to state that Congress did pass a law in which it says that there will be a barter program and it shall be a priority disposal method.

Mr. HOEVEN. Yes; with certain qualifications in connection——

Mr. CHAMBERS. Yes, sir. May I finish?

Mr. HOEVEN. Yes.

Mr. CHAMBERS. Under that law, and with no change in the law, agriculture carried out a substantial program, and then they cut it off. It would seem to me that the Congress must judge, either reaffirm its decision that the barter program is a good program for our country, or should acquiesce with Agriculture and literally cut it out.

Mr. HOEVEN. No one is saying the barter program is not desirable. I have felt it was a worthwhile program.

The Department of Agriculture says it has discretionary authority to barter and that it is opposed to a mandatory program because it would displace dollar sales. It seems to me that it is up to the industry to carry the burden of proof to show that the barter program will not displace dollar sales.

Mr. CHAMBERS. Mr. Hoeven, I have previously submitted for the record Agriculture's figures based on their own experience. I wish to repeat that as the barter program went up their cash sales went up, and as the barter program was cut off the cash sales came down.

As the barter program went up, our gross exports went up, and as the barter was taken out our gross exports came down.

We believe, through their own figures, we have been able to establish certain competent evidence as to our position. But I would submit, sir, that since Congress directed them to carry out a barter program and apparently they are cutting it out, that perhaps they should be required to prove their case to you. So far, sir, in testimony as recent as Monday of this week, Mr. Berger again said this was their opinion. When pressed for specific cases, the only case they gave was their feed grains into Western Europe, which we discussed here before, where it shows clearly that until they started the barter program their cash sales into those same countries were quite low. When they got the barter program in, in one case cash sales doubled, and so did their gross exports. In all cases, the gross exports doubled or tripled.

Mr. HOEVEN. Well now, in the last analysis you do not want the committee to write a mandatory barter provision into the act?

Mr. CHAMBERS. I am sorry, sir, if my remarks have been so interpreted, I mean categorically otherwise—

Mr. HOEVEN. Well, if it is not mandatory then it must be discretionary?

Mr. CHAMBERS. Mr. Congressman, if my remarks have been construed to mean that I should suggest that we should not place a mandatory requirement on the Secretary, I have been misinterpreted, I believe it should be mandatory with qualifications and—

Mr. HOEVEN. Well, the minute you say "with qualifications," that means discretionary, does it not?

Mr. CHAMBERS. That is right. The discretionary authority that he has now is tied in with what he calls the protection of assets program and the Congress has already removed that argument, although he is still relying on it.

I believe that you will have to determine, if you want to—and, gentlemen, this is your decision, the decision of the Congress, we can only present our opinions—

Mr. HOEVEN. The point I am trying to make is that we must either say that barter is to be mandatory or it must be left to the Secretary's discretion. And if I understand you, you believe that it must not be mandatory so of necessity it must be discretionary?

Mr. CHAMBERS. Mr. Hoeven, I am sure that you are more familiar than I with the fact that the Congress repeatedly enacts legislation which is meant to be mandatory, but you almost always give them an out because you say in the act, "It must be in accordance with regulations," or in some degree you put in flexibility.

Now, if you say that it must be mandatory and then give them a little leeway, to me it still is sufficiently mandatory to require them to barter at somewhere near the 500,000 figure.

Mr. ANFUSO. What I believe you are trying to say—if you will yield.

Mr. HOEVEN. Yes.

Mr. ANFUSO. What you are trying to say, I believe, sir, and I think you have said it very well, is that you either believe or do not believe in the principle of bartering, is that right?

Mr. CHAMBERS. Yes. That is correct.

Mr. ANFUSO. You either believe that or you don't believe that.

Mr. CHAMBERS. That is correct.



Mr. ANFUSO. So then, if we believe in the principle of bartering and we have a record that prior to May 1957 we had barter and we did barter successfully as far as the United States and American agriculture was concerned; if we have that history and the knowledge that after May 1957 bartering was practically crippled, giving discretion to the Secretary to barter without a directive now will avail us nothing.

Now, what you want to do and I think everybody in this room wants to do is to put in the principle of bartering as a mandatory provision but the language—you don't care what language is used.

Mr. CHAMBERS. That is correct.

Mr. ANFUSO. But you want to insert into the law the principle of bartering, is that it?

Mr. CHAMBERS. That is correct.

Mr. ANFUSO. And then we can work out the language.

Mr. HAGEN. Mr. Chairman.

The CHAIRMAN. Yes.

Mr. HAGEN. I would like to cover a subject which was touched on but I do not think was fully developed.

I understand that on May 28, 1957, the Department adopted certain regulations and one of them was that the dealer should pay interest on the money value of the grain delivered, is that correct?

Mr. CHAMBERS. That is correct.

Mr. HAGEN. Is that provision objectionable?

Mr. CHAMBERS. Mr. Hagen, it is not objectionable and we have not asked in any of the revisions of the law that requirement be taken away. In all candidness, before that requirement was placed into the regulation it was easier to work barter transactions because it gives more leeway in order to buy the material and to make the necessary arrangements.

We, however, since that change—and bear in mind we did not ask for or oppose that change, since it was changed by the Agriculture Department, we have been able to live with it. The only thing we have not been able to live with is this requirement of no sales into certain specified areas of the world.

Mr. HAGEN. That brings up a second question. Is it not true they have proscribed certain countries completely?

Mr. CHAMBERS. Yes, Mr. Hagen, they have virtually eliminated some.

Mr. HAGEN. They say, frankly, "You can sell"—or rather they say, "You can barter but you need certificates of additionality."

Mr. CHAMBERS. That is right, they say that if we will furnish a certificate of additionality which will prove that these sales are over and beyond the normal cash sales or the normal market for that country, then we could barter there.

That requirement was established on May 28, Mr. Chairman. To date the Department of Agriculture has approved no certificates of additionality into these countries.

Mr. HAGEN. So that other requirement of the interest to be paid is not too important, relatively speaking, but this is the requirement that really causes the trouble?

Mr. CHAMBERS. Yes, this requirement of what they call additionality, but I would like to say it in another way, that it is the restric-

tion on the countries of the free world into which we can sell commodities has stopped the program.

Mr. HAGEN. Well, there remain some countries where you can sell by barter where you do not have to have certificates.

Mr. CHAMBERS. That is correct. We have been able to sell to those countries, but it is only a handful as compared with what we could do without the limitations.

Mr. HAGEN. Were there any other restrictions established May 28?

Mr. CHAMBERS. Definitely, there are several that are unnecessarily harassing. By section 6 of that May 28 directive, they excluded domestic processors of foreign ores from participating in the program. I think that this is one of the greatest mistakes that has been made, although even if that section were removed you would still have to lick the problem of additionality because nothing means anything until that is overcome.

Mr. HAGEN. Any other restrictions?

Mr. CHAMBERS. Well, that would require more detailed analysis. There are some in there, yes, but basically the proposed bill that Mr. Cooley has will solve these if we could change it slightly and make it a little more mandatory.

Mr. HAGEN. Another question. We have received expressions of opinion from the Department as to why they look with disfavor upon the question of the barter program. What do you really think moves them in opposing this barter program?

Mr. CHAMBERS. It is a loaded question, Mr. Chairman, but I will not ask for protection.

I believe that the barter program we are discussing is one which is, has normally been, approached by the Congress as a method for disposal of commodities and has been kept on a bipartisan basis.

I noticed one witness yesterday indicated that he felt underlying some of these problems was the possibility that the Secretary of Agriculture did not want to trade off surplus because of the price-support aspect of it—I don't want to associate myself one way or another with that particular argument. I believe that this problem should be approached on its merits, although it would not be unusual if there were political considerations in some decisions.

Mr. HAGEN. In other words, you are not stating that there is any private motive other than the public motive expressed here?

Mr. CHAMBERS. That is correct, and of course, as you know, Mr. Congressman, they have not substantiated their stated public position.

Mr. HAGEN. One more question. Do you think the attitude of the Department is dictated by an understanding that there are some legal compulsions?

Mr. CHAMBERS. Mr. Chairman, I believe that the Department has seized upon the legal arguments to justify policy decisions that they have already made.

We have had many questions that have come in—we know that there is this question of Canada and we know that there are many other questions that come in. I believe that the legal justifications have been developed to support their policy positions rather than requiring the policy changes. I would like to remove those legal justifications so that they can no longer be used.



I have already stated that I believe that Public Law 540 removes the question of protecting assets from their ken and that being true I don't see how they can rely on that as a basis for legal argument.

Mr. HAGEN. Thank you.

Mr. ABERNETHY. Mr. Chairman.

The CHAIRMAN. Mr. Abernethy.

Mr. ABERNETHY. Mr. Chambers, you used some language a moment ago which would direct the Secretary, as I understood you to say, to the maximum extent practicable.

Mr. CHAMBERS. To the maximum extent practicable, yes sir.

Mr. ABERNETHY. What does that mean?

Mr. CHAMBERS. Well, to my own thinking you are saying to the Secretary, "We say you shall barter to the maximum extent practicable within the limitations established by this section." Now, that is \$500 million and you are saying that this is their goal and they shall "do the best that they can to reach it." Then in the light of this new congressional history it is my point of view that if it is adopted the Secretary would make an honest effort to do just that.

Mr. ABERNETHY. Well, suppose he says that they replace dollar sales and he said that is the maximum extent practicable, can you take issue with him, could you effectively change that?

Mr. CHAMBERS. If he does in the light of this congressional history I am certain you could expect some fairly interested people to come back and say, "This is his interpretation but it is now a matter for Congress to handle."

Mr. ABERNETHY. Well, if Congress has already made the decision and given him a formula to go by, the maximum extent practicable and if he said, "Well, that is just what I have done"—what could be done about it?

Mr. CHAMBERS. Well, Mr. Abernethy, I believe it would not be unusual for the Congress to question the administration of certain laws that it has enacted. On the other hand, if the time ever comes when a Cabinet officer decides that he is not going to carry out the law, I frankly do not know where we stand under our constitutional form of government, but that is exactly the issue we are going to have.

Mr. ABERNETHY. Suppose he takes the position that it replaces dollar sales and, therefore, it is not practicable.

What about that?

Mr. CHAMBERS. I would think, again—and here is where I would respectfully disagree with Mr. Hoeven—that the burden of proof should be on him.

Mr. ABERNETHY. The reason I am asking you these questions—the thing that disturbs me about this matter is that I have never yet seen any language that would effectively require the Department to carry out a barter program; and, in view of its present attitude, I have not seen language that I think would effectively do that job.

Mr. CHAMBERS. Well, I have to concede, sir, that I do not believe we can ever write language into law by which we can assure that it is going to be carried out the way Congress intended it to be.

In fact, I know of many instances where we have been working diligently on new laws and I have one particular case in mind—and at the same time the lawyers downtown were trying to figure out how they were not going to follow it. But this is a matter that goes far beyond the issues here.

I think that the Congress should speak. Then if after Congress considers this barter program and decides it is to be reestablished, that the Secretary will discharge his obligations. If he does not, we will have to try something else.

Mr. ABERNETHY. Would you agree that it would be advisable—and I am not assuming this is the case—but, say, to distinguish between cash sales and barter?

Mr. CHAMBERS. Well, frankly, Congressman, I do not see any difference between these sales and dollar sales.

CCC is selling for cash exactly the same as we sell our other commodities, sir, in the foreign countries. They are being sold for cash.

The important thing is that we are apparently selling American commodities and apparently more of them through the impetus of the barter program.

The CHAIRMAN. Thank you very much.

Have you finished your statement?

Mr. CHAMBERS. Yes, sir; I have taken much too much time, but I submit it was not completely voluntary.

The CHAIRMAN. We understand.

Thank you for your statement.

Our next witness is Mr. Crofton of the Crofton Grain Co.

Can you give us a rough estimate of the time you will consume, Mr. Crofton? We will have to be adjourning soon. There are other witnesses.

#### STATEMENT OF CHARLES B. CROFTON, CROFTON GRAIN CO.

Mr. CROFTON. I will take as little as possible.

I will just run through my statement.

Mr. ANFUSO. Mr. Chairman, may I have permission to say, concerning Mr. Crofton, that he is a man who has had more than 40 years' experience in the grain business, and his statement should be very enlightening to us. I might also say that he can be brief and right to the point.

Mr. CROFTON. Thank you, Congressman Anfuso.

Mr. Chairman, here today all I want to do is to make a statement which I believe is commonsense, and I hope that you gentlemen agree with me.

I wish to express my sincere thanks to you for inviting me to appear before your committee.

I have spent my entire career, 45 years, in the grain business, 22 years of which were devoted to the grain export business. I served six terms as president of the New York Produce Exchange, which is the largest grain export exchange in the world.

I well recall that in the early 1920's, we shipped wheat from Philadelphia to Antwerp, Belgium, and had to bring it back to the United States, as it was unsalable—not on account of the quality but because of lack of demand.

I also recall early in 1932, our Government was trying to sell wheat f. o. b. Atlantic ports, and offering it to every country in Europe at 42 cents per bushel.

At the same time, Pacific coast wheat was offered at 38 cents per bushel.



I also wish to point out to you, merely to show you how interest and storage charges can accumulate by holding onto grain too long:

During the days of the Grain Stabilization Corporation, in 1933 and 1934, I tried to buy the last lot of wheat which was owned by the Government, and made a firm bid; that is, made an offer to buy this wheat, to Mr. Milner, who was then head of the GSC.

He said that he would have to have 1 cent per bushel more for the wheat; since, if he sold it at our price, it would show on the books of the Government organization that they obtained nothing for this wheat which had cost them \$1.25 per bushel. So, if I could pay them 1 cent per bushel more, it would at least show that they got a half-cent per bushel for the wheat after storage and transportation.

I also wish to point out to you that a few years ago the United States was not considered as grain exporters in the world market; but, since we have accumulated these surpluses, we have been one of the larger exporters of grain, brought about through the International Wheat Agreement subsidies, et cetera.

When I recall these different situations, it is amazing to me that I must appear before you gentlemen today—and that you are required to spend your valuable time—due to the fact that someone in the Department of Agriculture conceived the idea that our sales through barter transactions were displacing dollar sales; which, of course, is not correct, as evidenced by the Humphrey report, showing by statistical tables prepared by the Department of Agriculture, that barter did not displace dollar sales.

Instead of being very pleased that we were able to dispose of \$978 million worth of agricultural commodities through barter transactions, the Department decided to place every obstacle in the way that they could think of, in order to disrupt this program.

Now, gentlemen, shortly you will hear from the largest grain exporters in the world; and I believe that they, also, will express their approval of the barter program in connection with disposing of agricultural surpluses.

I have made many visits to Washington over the past years to attend committee meetings in the Department of Agriculture, and on these various visits, I continually expressed my opinion that we should dispose of our surpluses as fast as possible, and not wait for the Argentine, Canada, or Australia, and other countries to compete with us when their export surpluses were available. But whether it was due to lack of experience in the handling of export grain throughout the world, or whether some of these people were not familiar with what we call trading, I do not know.

Let me give you an example of what happened within the last few years:

Two and a half years ago, we had a firm bid from India for 200,000 tons of American wheat, payment in dollars. This bid was slightly under the price the CCC was asking. I mentioned at the time that if they didn't accept this bid, it would be only a matter of months before they would be giving it away, or accepting payment in rupees. But certain individuals—and, incidentally, one of these individuals was the man that put in all of these objections into barter—could not see their way clear to accept the bid; and it was just several months later

that the wheat was given to India, thereby, of course, turning down the opportunity of collecting close to \$15 million—I repeat, dollars.

I was more than pleased when the barter program was expanded in 1954, because I realized this program would help to move our agricultural surpluses, saving the Government millions upon millions of dollars in storage charges, to say nothing of the losses in deterioration on grain, in addition to stockpiling metals required by the Government, and which stockpiling seemed to be a godsend only a short time ago when the Middle East situation did not look too good. I recall an article in the newspaper which said: "Thank God we have this stockpile this time."

Another reason given by the Department of Agriculture for putting restrictions on barter was that we were offending Canada by using barter to undersell them in the world's market, but I would like to point out to you that since the barter program has been restricted, our exports, up to the end of April, have decreased from 411 million bushels to 299 million bushels of wheat; or roughly, 30 percent; whereas Canadian sales of wheat alone have increased 750,000 tons—which sales include sales to Red China; and within the last few weeks, large sales to East Germany, as well as over 200,000 tons of wheat to Russia, which go from Vancouver to Vladivostok, probably.

It certainly is not our fault if the Canadian Government decided to wait for either a crop failure in their country or somewhere else in the world, which would mean that they could obtain higher prices, and then objected to our disposing of our agricultural commodities.

It has been stated by the Department that barter sales tend to lower prices. This, to me, is unbelievable, since I am at a loss to understand how a large demand for any commodity will tend to lower prices.

On the contrary, it will tend to allow the seller to obtain higher prices, and allow the CCC to reduce their inventories.

I firmly believe that had the Department not put on these restrictions, we would have—

1. Reduced CCC's inventory of agricultural commodities;
2. We would possibly have found new outlets for our agricultural surpluses sales;
3. Increased existing ones;
4. We definitely would have reduced storage costs;
5. We would also have reduced deterioration losses; and
6. Of course, by doing this, we would have helped our farmers to a greater extent.

Now, in conclusion, let me mention another obstacle which was placed in the way of the barter program—and, while I am not in the metal business, I happen to be familiar with the thinking of the CCC in connection with these restrictions.

Suddenly it was decided that processing foreign ores in this country was too expensive, as compared to processing in foreign countries; and where originally under the program you could process 100 percent in this country, this was changed so that you could only process 50 percent in this country and 50 percent in a foreign country.

Finally, you were not allowed to process in this country at all, and had to process 100 percent in foreign countries.

So here we have a situation where we are paying foreign labor and, at the same time, depriving labor in our own country from making a



living by processing ore which is going into our own Government's hands.

As an example, antimony is required by our Government for stock-piling.

One of our largest metal firms mines this ore in Mexico, processes it in Laredo, Tex., and delivers it to the Government. But under the present restrictions, I believe their mines in Mexico are closed, and the people in the processing plant in Laredo, Tex., are today unemployed, and the same has happened in the Pittsburgh area and other places in the country.

I believe you gentlemen will agree with me that we are doing everything possible to the extent of billions of dollars in foreign aid, to help our friends abroad; but it doesn't seem fair to me to have employment abroad and unemployment in our own country, when it can be avoided.

If there are any questions you gentlemen may care to ask me in connection with the handling of grains for export, I will be very pleased to try to answer.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much for your statement, Mr. Crofton.

Mr. CROFTON. There is one more thing I would like to say—do you have any questions?

The CHAIRMAN. I believe we have.

Mr. Anfuso has, I understand.

Mr. ANFUSO. Yes.

Thank you, Mr. Chairman.

Mr. Crofton, I notice that you are considered one of America's greatest experts in the grain field.

Mr. CROFTON. Thank you.

Mr. ANFUSO. And you are very much familiar with the distributing business over the years, are you not?

Mr. CROFTON. Yes, sir.

Mr. ANFUSO. And you know now that there has been some talk here about the discount given to grain merchants.

Would you mind explaining that to the committee?

Mr. CROFTON. I would indeed. I would be very happy. And I will give you an example, and it will not take long.

In this French housing deal, a \$50 million deal, which, of course, I thought was wonderful for this country, the Bunge Corp. made the deal, and it put them in a position where they had to dispose of \$50 million worth of agricultural commodities.

It happened that I happened to contact Bunge, and I arranged to dispose of those agricultural commodities to cotton people at 1 to 1½ percent discount, and the cotton people took the commitment of exporting this cotton, which helped to do a good business in cotton—and everything that goes with it.

When these restrictions were put on, this discount of 1 percent was dropped, and it is 10 percent and in some cases 12 percent.

Why?

Because no grain exporter will take the commitment of exporting an agricultural commodity on a restricted list which practically contains the names of countries that are not importers of grain at all, and that list was made up definitely to restrict the movement of the commodity.

So that is the reason when somebody wants to bring in a metal, he goes to the grain exporter and he says:

"Well, now, you take this commitment, and I will give you 10 percent."

That 10 percent comes out of the foreign metal price but Mr. Berger mentioned the other day about this cable from Germany, which was ridiculous, because the duty on the commodity is 10 percent in Germany if it stays there, but if it is processed and kept in bond, then there is no duty; and that would not be 10 percent except that Mr. Berger made it 10 percent, and now he is making an issue of that.

If this list had not been restrictive, we would be going along with three-quarters or 1 percent discount, which enables the people with the 1 percent discount to undersell their competitors abroad. It helped to get rid of the commodities.

The CHAIRMAN. What was it you said about Mr. Berger creating this?

Mr. CROFTON. Yes, he is the man responsible for it.

The CHAIRMAN. Why?

Mr. CROFTON. Because if he had not put these restrictions on, we would still be doing business at 1 percent, and I just gave you an example of where we get rid of about \$45 million in about a week at three-quarters percent.

Senator Aiken on the floor of the Senate inferred that business is being done in dollar-paying countries at 4 to 10 percent; but nobody in the grain business can say where you are replacing dollar sales that it is impossible; these international grain exporters sell in a foreign country, and they accept foreign currencies, and they make all kinds of deals in order to facilitate business; and, in doing that, by having barter and having that advantage, they then can sell cheaper than other foreign countries.

The CHAIRMAN. Who benefited by that?

Mr. CROFTON. Nobody. It benefited nobody.

The CHAIRMAN. Somebody must have been benefited.

Mr. CROFTON. The degree of the 10 percent——

Mr. Chairman, it is on account of the metal seller abroad. He has got to reduce his price to bring it in here 10 percent, so somebody will take over the liability of assuming the exporting of the grains or the cotton; but with this restricted list, you cannot export it.

The CHAIRMAN. I must say that I am not sure that I can follow a statement of the kind that you are making.

Mr. CROFTON. Let me say this, Mr. Chairman:

Before the restrictions went on, you could get a grain firm to accept the responsibility for export grain against a barter contract.

The CHAIRMAN. Yes.

Mr. CROFTON. And they would be glad to pay you 1 percent discount.

Now, the metal people paid that in order to get rid of the commodities, because they were not in that business.

The CHAIRMAN. All right.

Mr. CROFTON. Now these restrictions were put on so you go to the same exporters who at one time would take \$30 million or \$40 million worth of deal, and they say:

"We don't want it. We won't take it at 10 percent."

Where are we going to go with the grain?



And Mr. Berger is the one that brought it about. Mr. Berger is responsible for the 10 percent discount.

Is that clear?

The CHAIRMAN. The discount on the imported metal?

Mr. CROFTON. Well, instead of metal, we will say, it being dollars, that they sell to you for 90 cents and then this 10 percent that they pay to a grain exporter to assume the responsibility to export the grain.

Mr. JENNINGS. Mr. Chairman, I think that what is meant is that when they had a broad field, they could trade with all people, and they were willing to trade with everyone at 1 percent or three-quarters percent, but, when it is restricted, then they immediately lost that.

Mr. CROFTON. That is just exactly right.

Mr. JENNINGS. So placing the restrictions causes it to go up.

Mr. CROFTON. That is absolutely right.

Mr. ANFUSO. And that has affected the mining people of this country?

Mr. CROFTON. Well, I am not in the metal business, Congressman, but I am very familiar with that particular situation, and I will say this and I would like to say it to you, Mr. Hill, that in my opinion through years of trading, I believe that some of these restrictions that were put on here, as soon as they had started to show or make a little effect, the world metal price went down—why? Because they say, "Well, the United States is not in the market any more."

The London metal market dropped and the copper stocks dropped.

But, Mr. Chairman and Mr. Hill, I believe just as I am sitting here today, just as surely, that if barter were reinstated properly, the way it was, you will have metal prices going up all over the world and your people will be back working in the mines again—it has to be, one has to follow the other.

The CHAIRMAN. Thank you. I will not call Mr. Schilthuis.

#### STATEMENT OF W. C. SCHILTHUIS, EXECUTIVE VICE PRESIDENT, CONTINENTAL GRAIN CO.

Mr. SCHILTHUIS. Mr. Chairman and gentlemen——

The CHAIRMAN. We are glad to have you with us, Mr. Schilthuis.

Mr. SCHILTHUIS. I am very grateful to you for inviting me to appear. It is going to be my purpose to try and throw some light on this general question of barter. I have prepared a statement, which is very short, and I think I will read it to you, with your permission.

The CHAIRMAN. All right.

Mr. SCHILTHUIS. And then you can either interrupt me or ask questions afterward.

The CHAIRMAN. You may proceed, Mr. Schilthuis.

Mr. SCHILTHUIS. Mr. Chairman and members of the committee, in this statement I shall confine myself to observations on the controversial barter program under title III, Public Law 480, and the desirability of its extension and modification as provided for under a modified version of H. R. 10487.

Generally speaking, barter transactions are characterized by the following features:

1. Disposal of agricultural surplus commodities;

2. Acquisition of material, strategic or otherwise, of which the United States is in short supply; and
3. Prevention of deterioration and the saving of storage charges of agricultural commodities in possession of CCC.

Accomplishment of each of the above aims is a worthwhile project. It is not always possible to evaluate the impact of each ingredient. It would be presumptuous on my part to make the assertion that each barter transaction concluded in the past has served each of the purposes above mentioned equally well, or that all agricultural surplus commodities disposed of under barter transactions are, in every case, in addition to sales feasible in dollars. However, nothing being perfect, I would be inclined to take some possible "bad" together with a much larger "good."

Barter transactions give the exporter of agricultural surplus commodities a range of flexibility which is most useful in meeting competition from competitive export sources.

It probably is not sufficiently understood how difficult it is, under present world circumstances, to make a sale of United States wheat or United States corn to a foreign country. In the first place, many importing countries have trade agreements with exporting countries under which the importer obligates himself to purchase products from the country of exportation to a certain amount annually in exchange for an obligation on the part of the agricultural exporter to import an equal amount of needed raw materials or industrial products and equipment.

These trade agreements do not require simultaneous purchase and sale and, therefore, permit a flexibility of operation which we cannot, in any manner, approximate in barter transactions.

It is obvious that the existence of a trade agreement, as described above, reduces the market for American exports correspondingly. Price inducements have no bearing on that part of the market which is covered by trade agreements. What remains of the market—and very often it is only a minor part of the total market—is available to the American exporter and his exporting competitors. As far as the United States exporter is concerned, in order to obtain payment, the importing country must dispose of an available source of dollars or hard currency. Any unavailability of such currency further reduces the market of the American exporter.

Continuously transactions take place where foreign countries make purchases in currencies available to them and acceptable to the exporter, which appear to be at a higher price than American grain is offered at the same time in dollars.

The importing country has elected to pay a relatively higher price because it does not have dollars available or because it wishes to husband its supply of dollars for purchases of materials which are only available in the dollar area.

The consequence of the above is a further limitation in volume of the market available to us. What remains of the market can be described as a free market in which each competing exporting country has an equal chance. To illustrate with an example:

American wheat can be sold in this reduced portion of the world market but, at the present time, has to compete with wheat from Canada, Argentina, Australia, France, Italy, U. S. S. R., and, at



times, these exporters are joined by others such as Turkey, Sweden, Rumania.

In the case of corn, the active competitors are Argentina, Yugoslavia, South Africa, Angola, and Rumania.

A very slight price modification could throw the transaction to any one of the competing exporters, a fact which compels me to assert that the flexibility of the barter transaction is bound to be—has been in the past—and will be in the future, a sufficient inducement to capture business for the United States in very substantial volume. The less restrictive the barter operation is set up, the better results will be obtained.

Pursuing the analysis of the world market in grain and the influences which bear on it, it is well to keep in mind that grain prices in most countries which are our competitors are set or controlled by the governments of those countries. Action by them can shut off all or part of the world market available to us, and this may be pricewise or by means of other government action.

Devices used by other exporters to maintain their markets include the trade agreements and preferential foreign exchange treatment mentioned above and such schemes as governmental credit insurance and permission of unrestricted sale to U. S. S. R., satellites, and Red China.

It is my opinion that there is nothing reprehensible in the use of a barter program that will increase the United States proportion of participation in the world markets. It is in fact one of the few defenses which is available to the United States against competing government action in the world market.

The above analysis has directed itself to a multilateral nonrestrictive barter program unencumbered by restrictions by the Department of Agriculture directive of May 28, 1957. By introducing the deadening effect of the concept of additionality, the Department of Agriculture managed to turn a healthy flow of transactions into a mere trickle.

From this experience it is clear that the Congress should authorize a program broad enough so as to permit both multilateral and bilateral barter transactions. Phraseology substantially like that used in the modified version of H. R. 10487 would meet these requirements.

The CHAIRMAN. Mr. Schilthuis, I thank you very much for your statement. I am sure that the committee will give consideration to what you have had to say.

Now, I understand from your statement if I interpret it correctly that you believe that barter—well, let me read what you say :

The less restrictive the barter operation is set up, the better results will be obtained.

In other words, you are not in favor of a mandatory barter program but you are heartily in favor of a free barter program that will enable representatives of our Government and our industry of America to dispose of the surplus that we now have in storage?

Mr. SCHILTHUIS. I would be in favor of a program which brings about the largest amount of transactions.

I do not believe that I can make an exact statement of the wording that should be included in a bill which brings this about. I think

that is something that is up to Congress to determine—what the wording shall be.

If I were asked to propose a wording, that would require much more study on my part, and eventually I might be able to come up with something that would satisfy the need of having a broad unrestricted program.

The CHAIRMAN. Your only complaint about the barter program is the fact that the Secretary was administering it so that the program became ineffective?

Mr. SCHILTHUIS. That is my main objection, the interpretation by the Secretary of the program as it is now written, I think he has taken it upon himself to interpret it in very narrow terms and with an intent, as a matter of fact, of restricting these transactions.

The CHAIRMAN. Do you know of any particular barter transaction that has in any way interfered with normal commerce?

Mr. SCHILTHUIS. No; it does not interfere with our normal commerce, barter transactions——

The CHAIRMAN. Supplement them?

Mr. SCHILTHUIS. In a general way they add to the general flow of normal commerce.

The CHAIRMAN. In your opinion if the Secretary were to operate the program in the future as he did in the past, prior to May 28, 1957, we could still barter away these surplus commodities?

Mr. SCHILTHUIS. That would be the most desirable way of doing it; yes, sir.

The CHAIRMAN. Thank you very much. Any questions?

Mr. ANFUSO. Yes, Mr. Chairman, thank you.

Mr. Schilthuis, first of all, I want to thank you for your very fine statement.

Mr. SCHILTHUIS. Thank you.

Mr. ANFUSO. I think you have put it down in very clear and concise wording, what this program is about.

Mr. SCHILTHUIS. Thank you.

Mr. ANFUSO. Now, do you believe that the barter program has added to cash sales when it was effective——

Mr. SCHILTHUIS. I believe that the barter program had increased the sales of our agricultural surpluses—personally, of course, I speak on grain because I think I am competent in the grain field, and I believe that it has increased the sales of agricultural commodities but in particular grain, as far as I am concerned.

Mr. ANFUSO. Now, we are dealing with laws which are administered by human beings. We had a law and prior to May of 1957 we thought that that law gave the widest latitude to the Secretary to permit barter and as a matter of fact we put in our report that he should give the highest priority to bartering—is that correct, sir?

Mr. SCHILTHUIS. Yes, sir.

Mr. ANFUSO. And now since May of 1957, and again I say that we are dealing with men who administer the law, we find that one individual or more individuals in the Department of Agriculture without even consulting the Congress, without even coming back here and saying, "Look, we want to make some change in the way we are going to administer the law which you passed," they took it upon themselves to change the entire picture—is that a fact, sir?



Mr. SCHILTHUIS. That is correct.

Mr. ANFUSO. Now, do you believe that that attitude has changed?

Mr. SCHILTHUIS. It has not changed.

Mr. ANFUSO. Since May 1957?

Mr. SCHILTHUIS. It has not changed; no.

Mr. ANFUSO. Therefore can you conscientiously say that unless we put something in the law which will recognize the general principle of bartering, and that the law would be effective?

Mr. SCHILTHUIS. The language which is to be written into the law should be more specific than it has been in the past so as to make it more of a mandatory nature, as far as the Secretary is concerned.

Mr. ANFUSO. I yield to Mr. Jennings.

Mr. JENNINGS. As I understand it, Mr. Schilthuis, you believe in a mandatory program and then that that program shall be free?

Mr. SCHILTHUIS. The question of interpretation of the word "mandatory"—it is obvious that the Secretary has to have some discretion, I would think.

Mr. JENNINGS. That is right. Now, you are saying first of all that we should have a mandatory program and, secondarily, there should be some discretion in that mandatory program but the mandatory part shall come first?

Mr. SCHILTHUIS. As a layman I would answer, I think, that would be my approach.

Mr. JENNINGS. As I understand your testimony, this directive on the part of the Department of Agriculture of May 28, 1957, has served as an umbrella over the price which other countries have been able to trade just under our umbrella, is that correct?

Mr. SCHILTHUIS. If that is an interpretation of what I have said, I have not in fact said that.

Mr. JENNINGS. Well, has that been the practical effect on it?

Mr. SCHILTHUIS. No, I believe that has been the practical effect.

Mr. JENNINGS. It has not? Then why have we lost sales?

Mr. SCHILTHUIS. It is not a question of price only, it is partly a question of price—the expression "umbrella" in my conception is the wrong use of the word.

What we should be able to do is to capture additional business, additional sales of commodities, agricultural commodities from this country and so that occasionally—and this once was provided for by the so-called discounts under the barter program—that we can occasionally go out at a certain spot and we can reduce our price to a point where we can capture that business rather than have it go to a competing country like Argentina, Rumania, or Yugoslavia, whatever the case may be, in the case of corn, for example.

Mr. JENNINGS. Then rather than to use the word "umbrella" you think the word "restriction" would probably be more accurate?

Mr. SCHILTHUIS. Yes, I think that would be better.

Mr. JENNINGS. They place a restriction rather than an umbrella?

Mr. SCHILTHUIS. That is right.

The CHAIRMAN. Thank you very much.

I should like to insert in the record at this point a letter from C. B. Fox Co., of New Orleans, signed by Mr. W. B. Fox; a letter from the Mercantile Metal & Ore Corp., of New York, signed by Mr. Harry D. Koster, vice president; and a statement by Norbert Blechner, vice president of the Associated Metals & Minerals Corp., of New York.

(The documents referred to are as follows:)

C. B. Fox Co.,  
New Orleans, May 5, 1958.

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives, Washington, D. C.*

DEAR MR. COOLEY: I appreciate the invitation you have extended me to appear before your committee on Wednesday, May 7, and I shall certainly avail myself of this opportunity unless I cannot avoid going to Mexico City on that day.

I do not see how it can be said that the barter program interfered with cash sales of agricultural commodities for export when such sales were actually made by the exporters for cash accruing to the exporters by reason of certain stockpiling materials having been imported by a Government agency. The stockpiling program is evidently important since it has been approved by Congress, and we must therefore assume that the merchandise being stockpiled is important to this country. Should it be inferred that the agricultural commodities sold under barter agreements bring lower prices than the dollar cash sales, one must not conclude that anyone is profiting unduly since it goes without saying that the stockpiling agencies are doing their purchasing at prevailing market prices leaving no room for any extraordinary markup.

Then too, I am confident that you will find the cash sales with which the barter program is said to interfere are not cash sales at all, but sales under Public Law 480 and ICA neither of which can truthfully be called sales for cash dollars. The foreign currency realized from sales under Public Law 480 is unlikely to be "hard cash" after the 20 years allowed besides which a considerable portion of the foreign funds realized is reloaned or spent in the purchasing country.

There is nothing wrong with the barter program. It is an economically sound business procedure, and it is totally unfair to condemn the program if perhaps it has not been administered properly at times in the past.

I assure you again I am anxious to appear before you on Wednesday.

Very truly yours,

W. B. Fox.

MERCANTILE METAL & ORE CORP.,  
New York, N. Y., May 5, 1958.

HON. HAROLD D. COOLEY,  
*Chairman, House Committee on Agriculture,  
House of Representatives Office Building,  
Washington, D. C.*

DEAR MR. COOLEY: Having been a participant in the barter program under title 3 of Public Law 480, we hereby wish to respectfully submit the following observations:

Prior to the requirement of "proof of additionality" the barter program was one of the best methods of lending foreign aid through the honored concept of self-help by trade. The acquisition of materials as produced abroad, in effect, resulted in an increase in supply of dollars to those parts of the world which have suffered a dollar shortage over an extended period of time. The dollars so created put purchasing power into hands of friendly foreign countries which could use such purchasing power not only to buy agricultural products from the United States, but from our allies as well; such purchasing power, however, being not limited to agricultural products, but would permit purchases of other products as well. In other words, the purchasing power of the world, in terms of dollars, was accordingly increased; disposition of surplus agricultural products on the overall being thereby also stimulated.

The acquisition of nonperishable foreign materials of sound intrinsic values with relatively low storage and handling costs permitted the disposal of perishable agricultural products of deteriorating quality and values with prohibitive storage and handling costs.

We would like to take this opportunity to also state that the barter program as administered prior to the USDA press release of May 28, 1957, served as an international economic stabilizing factor. It not only served to create purchasing power abroad with the acquisition of strategic materials; it also served to benefit ocean transportation companies and such importations maintained the demand for labor at the ports. Domestic industrial firms benefited by the processing of raw materials acquired abroad under the barter program.



Acquisition of lead and zinc against barter served to absorb surplus world supplies and freeze them in Government stockpiles. These operations stabilized the price of lead and zinc and enabled domestic industry to maintain operations at such price level. It can be observed that promptly after stagnation of the barter program due to the press release under reference, the prices for these important commodities declined sharply, and have continued to display a declining tendency, as a result the domestic industry has found it necessary to clamor for relief through an increase of import duties and/or a quota system. Either of these remedies would serve to create antagonism of friendly foreign countries and would be contrary to our Government's policy of fostering international trade. The damage has been done and the solution to the problem is beyond our comprehension. We mention this factor merely as an illustration of our contention that the barter program has been and can be a stabilizing factor in our economic picture.

We respectfully submit that title 3 of Public Law 480 should be revitalized in the interest of the United States, by direction of the Congress, particularly excluding the so-called proof of additionality which has served to strangle the barter program.

Respectfully yours,

HARRY D. KOSTER, *Vice President.*

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STATEMENT OF NORBERT BLECHNER, VICE PRESIDENT OF ASSOCIATED METALS & MINERALS CORP.

Mr. Chairman and members of the committee, I appreciate the opportunity of presenting my views on the subject of barter in conjunction with a proposed bill introduced by Mr. Cooley, chairman of your committee, H. R. 10487.

If it was the intention of title III, Public Law 480, to have the Commodity Credit Corporation actively develop a substantial barter program, as I assume it was, it seems to me pertinent that a bill along the lines of H. R. 10487 should be passed; the reason being that the directive issued by the Secretary of Agriculture on May 28, 1957, partly revised by the directive of December 24, 1958, is in fact so complicated and restrictive that an active barter program cannot be maintained. As it is generally known, the barter transactions concluded since the aforesaid directive was issued in May 1957 were insignificant and in fact represented only a small percentage of the barter transactions concluded during a like period prior to the said directive. The restrictive features of this directive are well known. It can be assumed that the Department of Agriculture will explain before this committee the reasons for the restrictive features of this directive. I believe, however, that it is generally recognized that the directive has prevented the trade from disposing of a very substantial quantity of farm surplus now stored in warehouses at substantial expense to the Government and the taxpayer respectively. I believe that it is the Department of Agriculture's contention that the active barter program prior to the May 1957 directive replaced cash sales in the form of surplus commodities. I believe that there is no proof for the correctness of this contention. Not as a studied economist, but as a merchant who has been active in the international trade for over 30 years, I express the opinion that the barter program in its original form was a challenge to the merchants in the United States and in all parts of the world for initiative, inventiveness, and extra activity, unparalleled by other commercial occurrences since the end of World War II. The directors of the Barter Branch of the Commodity Credit Corporation can attest to this statement. To say that the active barter program did not create additional farm surplus movement might be like saying that the Marshall plan did not help the postwar economy.

Above all, it must be recognized that apart from the desirability of reducing our farm surplus, it is undoubtedly beyond question that the foreign nations consuming American farm commodities will have less buying power and less currency if we don't barter; reversedly that the buying power of the foreign nations will be increased by the amount of barter. I believe that this point more than anything else contradicts the contention of the Department of Agriculture that barter does not create additionality of farm surplus outlet.

All the materials which can be accepted in exchange against the commodity surplus are of benefit to the United States:

(1) The risk of deterioration and wastage is inherent in food items but not in strategic materials.

(2) The cost of storage for strategic materials is smaller than for food items.

(3) None of the strategic materials which can be subject to barter are in ample supply in the United States. We will grow food every year beyond our requirements, but we have not found yet a method to increase our mineral reserves of the kinds amply available for barter.

(4) Last but not least, materials available under barter are required to meet the needs of the procurement priority level program projected by the Office of Defense Mobilization.

I therefore trust that the restrictive provisions will be removed and in fact that several materials not now on the barter list but of benefit to this country will be added thereto.

I want to thank you again for the opportunity to express my thoughts on this subject.

The CHAIRMAN. On our witness list is Mr. Ralph Friedman of the Standard Milling Co. Is Mr. Friedman here?

Mr. COGLIANDRO. May I speak for Mr. Friedman—could we file a statement?

The CHAIRMAN. Well, suppose we leave it that way, we will be glad to have him file a statement or send it in.

Mr. COGLIANDRO. All right.

The CHAIRMAN. The committee stands adjourned until 10 o'clock tomorrow morning.

(Thereupon, at 11:25 a. m., the committee was adjourned, to reconvene at 10 a. m., Thursday, May 8, 1958.)



## EXTEND PUBLIC LAW 480

### Agricultural Trade Development and Assistance Act of 1954

THURSDAY, MAY 8, 1958

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D. C.*

The committee reconvened, pursuant to adjournment, at 10:15 a. m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

Before we resume the hearings, I should like to say that we have a very distinguished guest with us this morning who occupies the position of chairman of the Committee on Agriculture in the German Congress.

I think, and he thinks, this is the first time in history that the chairman of the Committee on Agriculture of the German Congress has ever visited Washington. Certainly this is the first time we have ever had an opportunity to welcome this distinguished man into this room, the Honorable Bernhard Bauhonecht.

He is on my right. I do not know whether he is a Democrat or a Republican. I designated the Democratic side, thinking he might be more comfortable over here. If he will be more comfortable on the left, we shall move him to the other side. [Applause.]

I should like to say, Mr. Chairman, that most of the members of this committee, I am sure, have had the privilege of visiting your great country and seeing some of the agriculture of Germany. We hope that your trip here will be pleasant and profitable, and we are honored to have you with us on this occasion. The committee will be glad to hear you. [Applause.]

(At this point, Mr. Bernhard Bauhonecht spoke a few words of greeting, which were translated by Herbert A. Stanton of the United States Department of State.)

The CHAIRMAN. We are delighted to have our distinguished guest, and we are honored that he has taken time to visit with us this morning. We hope that his journey back home will be in all respects a very pleasant one. [Applause.]

We shall recess for a moment, and then resume.

(Short recess.)

The CHAIRMAN. The committee will please be in order.

The first witness is Mr. Ralph Friedman, Standard Milling Co., New York City.

Mr. Friedman, we are very glad to have you with us.

**STATEMENT OF RALPH FRIEDMAN, STANDARD MILLING CO.,  
NEW YORK, N. Y.**

Mr. FRIEDMAN. Thank you, sir.

Well, Mr. Chairman, it seemed to me when I received your invitation to come and testify that in view of the fact that you would have many excellent statements submitted to you, that perhaps it might be more useful to members of the committee if, instead of imposing another statement with a great many statistics in it to you, that I just come here to speak extemporaneously about some of the salient and, to my mind, more important aspects of this barter program.

First of all, I would like to say that the company that I have to do with is a domestic grain company, as well as an exporting company. We are also a milling company. We are in all aspects of the grain business here, and export is only one part; and, I should say, in balance, a small part of our activities, although it also looms quite large in total volume.

Now many witnesses who have been before the committee have already testified as to the problems of barter—can you hear me?

Mr. GATHINGS (presiding). If you could just raise your voice a little bit?

Mr. FRIEDMAN. I will try to.

I said many witnesses have already been testifying here on various aspects of the barter program.

I would like to just comment a little bit on what I think are the confusions that do exist in people's minds.

The first is on the question of the duplication or, rather, the interference, if any, of barter sales as against cash sales.

Now, a barter sale can occur only if the United States Government imports a stockpile—so-called strategic material—and I want to submit to the committee that it really makes very little difference if the United States Government is going to buy some ferromanganese or chrome, or any other commodity, as to whether or not that commodity is purchased for cash, for United States dollars, and, in turn, agricultural produce is sold for United States dollars.

The problem is that there is an exchange going on.

I want to tell the committee that, as I testified many months ago before the Senate committee, that when this program was first initiated, I want to admit I took a very dim view of it, as being a fairly cumbersome way to do things. But I have changed my position in regard to this program. And the reasons I have changed my position are largely pragmatic: that this is a program that is working, that has been effective in increasing the total interchange of American commerce with the world.

The United States, ever since World War I, has been in an enormously difficult position, as we all know, in exporting to the world.

We have a tremendous amount of agricultural surpluses of all characters here. Substantially, these are world commodities, and they are going to move into world commerce largely only through 1 of 2 methods: either through the established trading firms or through gift or subvention of one form or another, with all the adversities that gifts have a way of bringing with them.

Now if you are going to have commerce through normal commercial channels—I am oversimplifying this—but not too much; I want



to make a point—you have to make it attractive to the international grain firms in the case of grain, or the cotton firms, to sell American produce; because the facts are that we, and every other grain firm, will sell the grain that we can make a trade in, and that will normally be the lowest priced grain.

There have been various statements made here, and at various times by the Department, about the world price and about meeting the world price, as though this was a definite, finite thing. It is not. It is an approximation, and that is all it is.

Now there is no trade goes on in this bitterly competitive business—because this is a bitterly competitive business—in which there is not some areas, up and down here, and there are many factors that enter into it.

As I said before, I really regard the problem of whether barter trade cuts into or does not cut into cash sales as possessing a very large degree of immateriality. It really makes very little difference.

However, I do want to comment, on my own guess—and it is only a guess—as to the intrusion of barter as against dollar cash sales.

I do not believe that they have intruded. I want to say that in addition to these statistics that Senator Humphrey has presented, showing the increase of cash sales concurrently with barter sales and the decrease of cash sales after the barter program ceased, that the ability to offer grain attractively and successfully in the world market inevitably carries with it, should I say, a consolidation or improvement in trade channels. And very often we have found that we will make a barter trade—I am going back now to the days when barter was active here—and very quickly thereafter make a cash trade, too.

I mean, if you are out of these markets, if your contracts are desultory, and if you do very little.

I want to come back to one other thing, and that is that on a barter transaction, where we will take a major risk, running, usually, to many millions of dollars to export grain, we then are in the position of having made a firm commitment.

This is a very different position, gentlemen, from merely being interested in offerings of grain and having no commitment on our hands.

If we have a commitment, we have to do something about it; we are hooked. And we are going to do something about it. And the same applies with complete sameness to every grain firm. I think it is just as simple as that.

If you want to engage in commerce of this order, it has to be kept in mind that you have to have salesmen to do it.

Now, the barter program, which, as I said before, I really thought very poorly of at the outset, has in my judgment been a surprisingly effective way of getting salesmen to really sell American produce in the world.

Another thing that I would say is this: that my own predilection for cash sales before the barter program started was based on, if you will, a desire for an orderly and simple world, the world of selling and buying for cash.

Unfortunately, this is not the world we are living in.

If we do not do this, we can be very sure that the Communists will, and they are completely ignoring economics; they are bartering, and

they are bartering on a basis that at times makes it impossible for the United States to work.

The other point that I really wanted to make in regard to this is just the overall aspects of this program:

I think it has a very great deal of tangible and intangible merit in keeping America in commercial relationships with much of the world, and I doubt that we would have such a relationship without this program on any such scale.

If it were not for this, I think you would find much pressure to increase the total amount of giveaway, with all the evil attendant on that.

Here, at least, we are getting a good "propo." We are not only getting a good "propo" in good material terms, but we are getting a good "propo" in terms of respect.

These people understand trade, and the world over, all of us who have reason to go to different parts of the world, know there is little understanding and no love for a gift program.

This is a question of sick psychology, if you will; but, nevertheless, it is true.

And for these various reasons, it seems to me very much to the point not to impede barter but, rather, to free it, to make it really possible to do it.

Now, the Department instituted regulations—and I am not now speaking in any spirit of criticizing individuals—but, rather, of criticizing a total program. The Department introduced regulations which, which, in my opinion, were designed not to regulate the program, but to stifle the program; to stop it. And the requirement of a certificate of additionality is sheer nonsense. We cannot prove, no one can prove, that a barter sale was a sale that would not have been made on a cash basis.

Likewise, the Department cannot prove that the barter sale was not in addition to cash sales.

Last fall, in the last week of October, I was in London, had previously been on the Continent, and I discussed with our people in London the question of getting certificates of additionality here. And they said—and I thought very properly—that no one in the British Government would issue such a certificate because of the fact that they could not morally stand up behind it, that this was nonsense here.

And we have not asked them for it. As a result of this, we decided that this was impossible, so we simply walked away from the program.

Now I think that there is no way to reactivate the export of American agricultural surplus that is as effective as the barter program, surprisingly to my mind, turned out to be. But this is a good program. And I think it is a great pity not to reactivate it from the standpoint of American welfare.

That is all.

Mr. GATHINGS. Mr. Friedman, you made a very fine statement. I believe these extemporaneous statements are more effective. You have put thoughts across thoroughly this morning.

Mr. FRIEDMAN. I thought it would be more useful, Mr. Chairman.

Mr. GATHINGS. According to the information I got from your statement this morning, as a matter of fact when it first started out you did not think well of 480?

Mr. FRIEDMAN. That is right.



Mr. GATHINGS. Now, you feel, in view of the fact that these countries do not like a giveaway program, that they have found that this is an advantageous program, and it does have a tangible and intangible value to us?

Mr. FRIEDMAN. That is right.

Mr. GATHINGS. We have quite a number of witnesses here this morning, and we want to move on.

I know you are just so full of information you could talk for an hour of two——

Mr. FRIEDMAN. I do not want to burden your time.

Mr. GATHINGS. Before you leave, Mr. Anfuso wanted to ask you a question.

Mr. FRIEDMAN. All right.

Mr. ANFUSO. Mr. Friedman, as I undersand your testimony, you are both in the cash and barter business?

Mr. FRIEDMAN. That is right, sir.

Mr. ANFUSO. So, as a businessman, you do not care whether you move agricultural commodities on a cash basis or on a barter basis, do you?

Mr. FRIEDMAN. Not at all. It makes no difference to us.

Mr. ANFUSO. However, since this regulation of May 1957, you say the barter program has been stifled.

Is that correct, sir?

Mr. FRIEDMAN. That is correct.

Mr. ANFUSO. Do you know whether or not the Department has approved any certificates of additionality?

Mr. FRIEDMAN. Well, I do not know personally. I think I would rather not testify, because I just do not know personally.

Mr. ANFUSO. Now you gave as an example a certain deal which you were trying to make in Great Britain.

Mr. FRIEDMAN. That is right.

Mr. ANFUSO. Which amounted, I believe, to some 300,000 tons of wheat; is that right?

Mr. FRIEDMAN. That is correct, sir.

Mr. ANFUSO. And because of this request of the certificate of availability——

Mr. FRIEDMAN. Additionality.

Mr. ANFUSO (continuing). Of additionality, which you could not get——

Mr. FRIEDMAN. That is right.

Mr. ANFUSO (continuing). You lost that business?

Mr. FRIEDMAN. That is correct.

Mr. ANFUSO. And Great Britain was willing to buy that wheat from the United States. Is that correct?

Mr. FRIEDMAN. That is correct.

Mr. ANFUSO. And they finally bought it from Canada; is that correct?

Mr. FRIEDMAN. That is correct.

Mr. ANFUSO. And that was only recently?

Mr. FRIEDMAN. That is right. That was last fall.

Mr. ANFUSO. Now let me see if I understand—I am not a businessman, Mr. Chairman, but I want to see whether I understand—and I say this for Mr. Hill also because he asked some questions on this point——

Let's see if I understand what this regulation of May 1957 has brought to us:

Before that, to sell the commodity, agricultural commodities, you would be allowed, say, 1 to 2 percent to sell those commodities; is that correct, sir?

Mr. FRIEDMAN. Right.

Mr. ANFUSO. And you were able to do that, and to bid for these strategic materials on that percentage; and, while you made a small profit, nevertheless, you were able to move close to \$1 billion worth of surpluses; is that correct, sir?

Mr. FRIEDMAN. That is correct, sir.

Mr. ANFUSO. Today, under this regulation, you are offered as much as 10 percent to move those agricultural commodities and, maybe, 12 percent.

Is that correct, sir?

Mr. FRIEDMAN. Yes.

As a matter of fact, right at the present time, we have an offer of 10 percent.

Mr. ANFUSO. And with that 10 percent or 12 percent, you are able to offer more for the strategic materials which you bring into the United States.

Is that correct, sir?

Mr. FRIEDMAN. That is right.

Mr. ANFUSO. Now, that has been the cause, has it not, for these strategic materials coming into the United States cheaper, and, therefore, affecting the domestic market of ores?

Isn't that correct, sir?

Mr. FRIEDMAN. Yes, that is right.

Mr. ANFUSO. I notice in the New York Times, of recent date, that lead and copper and zinc were constantly on the incline, both domestic and foreign, until this edict of May 1957, and then a drop was felt automatically.

Isn't that right, sir?

Mr. FRIEDMAN. That is right.

Mr. ANFUSO. So that that edict does not benefit the United States, does not benefit our relations with other countries, and it hurts our domestic miners; doesn't it?

Mr. FRIEDMAN. Yes. You are perfectly right. Sure.

Mr. ANFUSO. And it hurts the security of our country because we are not able to bring in the things that this Government has declared we should bring in?

Mr. FRIEDMAN. Yes.

Well, I would like to comment, just in regard to your statement, that we are decreasing the importation of many commodities, you having killed the barter program. The decrease in that importation has to be judged, it seems to me, in two principal lights:

One is that presumably the military authorities know what they want and are correct. We have to assume that their statement of the stockpiled materials is a correct statement and not one to be challenged—at least, certainly, I have no competence as a layman to question it.

The other is that this is a way of activating trade with countries the world over with whom obviously it is to our great advantage to remain in close contact.



And it is an unfortunate truth, if we drift out of contact with these countries, we do leave a vacuum.

And this to me—and I am transcending the question of my own firm or any other firm in this operation here—this to me is the most important reason, I think, why a useful tool of this order should be resumed rather than killed. This has been strangled by regulation and by an unwise regulation, and I believe that probably the facts are that the people that instituted this regulation are now intellectually out on a limb and do not know how to get back here.

And this is a difficult problem.

But, from the standpoint of national welfare, I would think that there is only one answer, and that is to activate it again.

Mr. ANFUSO. Mr. Friedman, you have no quarrel with anyone in the Department of Agriculture?

Mr. FRIEDMAN. No.

As a matter of fact, I had a great hesitancy to come down and testify because of this.

Mr. ANFUSO. Now you are testifying in the interest and the welfare of the United States, as I gather it?—

Mr. FRIEDMAN. I mean to.

Mr. ANFUSO. (continuing). And it has nothing to do with your business in particular, because you do not care whether you make cash sales or whether you make barter sales?

Mr. FRIEDMAN. That is correct.

Mr. ANFUSO. Now I would like to bring out this point, which you very well put to me when I talked to you—when you said:

What is the difference whether we buy strategic materials for commodities or we buy them for cash?

If we can buy strategic materials for commodities instead of cash, we are saving that much cash; aren't we?

Mr. FRIEDMAN. That is correct.

Mr. ANFUSO. Now just one final question:

You were here just one day, yesterday, and you were not here Monday when Mr. Berger testified.

We have a history here where the Senate almost unanimously reported out a barter program. We had a vote in the Senate which was very close, a difference of only four votes, where a barter program was desirable.

We have a history that since May of 1957, since this edict of Mr. Berger went into effect, there has been no movement of the barter transactions, which at first almost reached \$1 billion and have been reduced to a trickle of less than \$25 million.

Mr. FRIEDMAN. That is right.

Mr. ANFUSO. We have Mr. Berger, who came in here and said—even though many experts disagree with him on this barter program, experts in and out of the Department of Agriculture—nevertheless, he felt that he was right in what he was doing.

We have also a report which we made when Public Law 480 was passed, where we said that the moving of strategic materials should be given a priority in this barter program. We have it in all our reports that that should be the case.

Now, do you believe, sir, that unless we put something into the law this time saying that bartering must be recognized and is desirable in the best interests of the United States, that with that kind of a

history, if we just put in some kind of strong language—put it in the report, do you believe that this bartering would improve?

Mr. FRIEDMAN. No.

I think that you are putting a very difficult question to me, but I will try to answer it.

I think that in order to effect the purpose that I am pleading for, as a desirable one, that it is essential to put a directive into legislation here; and in that directive to say that the program shall be implemented to the maximum extent possible without consideration for any theoretical effect, if any, that this program may or may not have on cash sales. Because there is a complete immateriality in this thing, and, if you permit this unresolvable problem of what effect does a barter sale have on a cash sale, you can stop anything.

Now, there is no way of proving this thing, and no one in good conscience and in self-respect is going to make a statement, as a flat statement, that they do not affect each other.

Mr. HILL. If the gentleman will yield right there—there is no way to tell what a barter trade will do. You are advocating right here and now to ship ore in and trade it for wheat, or anything you can trade it for, and you do not know whether we are going to need that strategic material, or whether we won't.

So you could not prove anything on that.

If you cannot prove it on the barter—

Mr. FRIEDMAN. Well, I am assuming that the people in government who decide they want this ore know what they are talking about.

I am not competent—

Mr. HILL. How do you know they will ever need the ore that you are going to pile up in the stockpile?

Mr. FRIEDMAN. That is another problem.

Mr. HILL. Well, it is another supposition that you are talking about now.

Mr. FRIEDMAN. But on that—

Mr. HILL. You are guessing. As a witness, you are just guessing whether we will need that or not, and you are guessing it is all right for Mr. Dixon's mines to be closed down, and it is all right to close all our mines down, as long as you can trade a little wheat and make a little money.

Mr. FRIEDMAN. No, sir.

Mr. HILL. That is just what you said.

Mr. FRIEDMAN. No. Let me make this distinction—

Mr. HILL (interrupting). Yes, you did.

Mr. ANFUSO. I beg to differ. He did not say that.

May I say this, Mr. Friedman:

As I understood you before, you do not care whether you make cash sales or barter sales—

Mr. HILL (interrupting). If you will yield?

Mr. ANFUSO. Let me finish—

Mr. HILL. You have had more time than the whole committee put together.

Mr. ANFUSO. Let me finish the question.

Mr. HILL. Well, finish that sentence, and finish it quick. [Laughter.]

Mr. ANFUSO. Now, as far as you are concerned, if, tomorrow, this Government sets up a policy and says you cannot import in a barter



program any more zinc or lead, anything else like that, it won't make a bit of difference to you, will it?

Mr. FRIEDMAN. That is right.

May I ask, Mr. Chairman—

Mr. GATHINGS. Mr. Teague of California.

Mr. TEAGUE. I want to be sure I understand something. I am not sure that it has any important significance, but I thought I understood Mr. Anfuso to be talking about some figure of \$2 billion in transactions—

Mr. ANFUSO. One billion.

Mr. TEAGUE (continuing). And 1 or 2 percent profit, which he indicated was a small profit.

According to my mathematics, 2 percent of \$2 billion is \$40 million, which is not exactly a small profit.

Mr. ANFUSO. Mr. Teague, I am sure Mr. Friedman can explain that.

With that they bargain. They send salesmen all over the world. They buy the strategic materials and all that.

Why don't you take over and explain that?

Mr. FRIEDMAN. First of all—

Mr. HILL. Mr. Chairman.

Mr. FRIEDMAN. I think there is an error. At least I did not hear \$2 billion.

Certainly, as far as we are concerned, we have never handled anything remotely approaching that. I do not think the whole barter program ever remotely approached that.

But I would like to comment—

Mr. HILL. Here is the point:

I would like to hear you comment for a week, but, Mr. Chairman, we cannot get into an argument within our committee.

I want to take Mr. Anfuso on, but there are 40 or 50 people here, and I will take Mr. Anfuso on between him and myself some day and maybe whatever member of our committee wants to listen: but let's get on with what we want to do. And, glancing at our list, I find that we have 7 witnesses to testify before 12 o'clock.

I suggest that we give each Congressman around the circle here, including the members at the lower desks, a minute and a half or 2 minutes, and then let the witness do his own talking.

Mr. HAGEN. Mr. Chairman, I have a question.

I would like to first make an off-the-record comment—

Mr. ANFUSO. Mr. Hagen, will you yield to me for 1 second?

Mr. HAGEN. Yes.

Mr. ANFUSO. I would like to make this statement for the record, and I say this to all my colleagues on both sides:

If I have asked more questions than I ordinarily do, it is because these gentlemen do come from New York, and I think they have seen me so many times before, they would like to hear the gentleman from New York ask them questions. I have never interfered when legislation of other nature has come up before this committee, and you know I have sat here and listened and listened.

Mr. GATHINGS. I want to say to the gentleman from New York that we are most grateful to you that you have been understanding with our problems, and we do appreciate that.

Mr. ANFUSO. Thank you, Mr. Chairman, and thank you, Mr. Hagen.

Mr. HAGEN. Mr. Chairman, off the record—

(Discussion off the record.)

Mr. HAGEN. Now, as I understand this program, it really comes down almost exclusively to an exchange of food and fiber for metals. Isn't that correct?

Mr. FRIEDMAN. Well, it is very often a many-cornered transaction. It is not just a simple——

Mr. HAGEN. Well, I mean the thing that is moved out of the United States is food in barter——

Mr. FRIEDMAN. The exchange of agricultural produce for the total of the stockpile imports.

Mr. HAGEN (continuing). Of metals?

Mr. FRIEDMAN. Metals, ores, and other things. There are other things, too.

Mr. HAGEN. And, also, it is my understanding these metals that are secured, are metals which would not be otherwise purchased in this country?

In other words, they are stockpile metals. They do not affect directly the normal purchases, trading in metals?

Mr. FRIEDMAN. That is my understanding, but I have no direct knowledge on that, sir.

Mr. HAGEN. It is true, however, that by providing an additional buying demand for metals abroad, it does have a tendency to raise the price?

Mr. FRIEDMAN. That is right. I would think so.

Mr. HAGEN. Which could work to the advantage of domestic metals producers?

Mr. FRIEDMAN. I would think so.

Mr. HAGEN. All right.

Now, I want to ask you one more question:

What connection does ODM have with this program in determining the policy of the Department of Agriculture, if there is any connection?

Mr. FRIEDMAN. Well, as I understand it, ODM controls only the decision as to what stockpile material, metals or ores or others, shall be purchased.

The Department of Agriculture, through the CCC, has been issuing the regulations applying to the method of purchase, or rather, the method of sale of the agricultural commodities; and I would hesitate to go beyond that, because I am speaking out of vicarious information rather than direct knowledge.

Beyond that, I just do not know.

Mr. HAGEN. Just out of curiosity, do you think the ODM is controlling the policy of the Department of Agriculture on this?

Mr. FRIEDMAN. I doubt it, sir.

I do not know, frankly.

Mr. DIXON. Will the gentleman yield?

Mr. HAGEN. I have heard rumors there is pressure brought through the ODM from certain large interests in this country to cut back on the size of this program.

Mr. FRIEDMAN. It could be; I really do not know. I really do not know.

Mr. HAGEN. That is all.

Mr. DIXON. Will the gentleman yield?

Mr. HAGEN. Yes.



Mr. DIXON. If that is the case, ODM says we have 5 or 6 years' supply of lead and zinc, and they refuse to take any more. I met with them personally, and they do not wish any more. They say even in wartime, that is more than we need.

So, it might raise the price, the price on the world market.

But if ODM will not let the Department of Agriculture take any more, then what are you going to do?

Mr. FRIEDMAN. Then, as far as that commodity is concerned, there is no further barter. There is no further purchase.

Mr. DIXON. But does not your lead and zinc constitute a big share of your barter program?

Mr. FRIEDMAN. Possibly so.

I can only speak out of our own experience. We have not been involved in any lead-zinc ones. There have been a lot of them, but we have not participated in those. We have participated in a lot of other things, but not in that.

Mr. DIXON. Thank you.

The CHAIRMAN. Thank you very much.

We are going to have to move along. I would just like to ask how many witnesses whose names have been presented would just as soon file statements?

I have Mr. Louis Dreyfus. Is he here?

Mr. BLOOD. I have submitted a statement for inclusion in the record. My name is Blood. And I represent the firm here in Washington. We have submitted a statement for inclusion in the record, Mr. Chairman.

The CHAIRMAN. A statement for Mr. Louis Dreyfus?

Mr. BLOOD. Mr. Dreyfus, yes.

The CHAIRMAN. You have presented a statement?

Mr. BLOOD. It is presented for inclusion, Mr. Chairman.

The CHAIRMAN. All right.

The statement will be inserted in the record.

(The statement referred to is as follows:)

#### STATEMENT OF LOUIS DREYFUS CORP., NEW YORK, N. Y.

Mr. Chairman and members of the committee, in reply to your letter of April 28, 1958, inviting us to testify at these hearings on possible extension of Public Law 480, we want to thank you for giving us this opportunity to express our views on the subject.

We are confident that title I of Public Law 480, in providing the means for making sales of United States surplus agricultural commodities for foreign currencies, has helped greatly in the disposal of these surpluses. We recognize that, in many countries, the lack of dollar balances would have prevented the many sales of United States agricultural commodities which have been made to date under this program, and we concur with the action taken by the Senate to extend title I for an additional 2 years at \$1.5 billion per year.

In connection with the movement of commodities by the private trade under title I of Public Law 480, we would like to point out to you gentlemen a recent administrative measure taken by the United States Department of Agriculture which we feel deprives us—as exporters of grains, oilseeds, fats and oils, and sundry commodities—of part of our normal function in the export business. We refer specifically—of the action taken by the United States Department of Agriculture in issuing procurement authorizations of a free-on-board or free-alongside-ship basis with separate authorizations being issued for ocean freight. This is absolutely contrary to the traditional method of conducting export business in grain. Under normal circumstances the exporter of grain agrees to deliver the commodity to the foreign customer at a destination of his choice. Under the present system we are unable at most times to take advantage of

our own favorable freight situations, which incidentally often enables us to give the foreign buyer a more advantageous price and better service than might otherwise be possible. This situation has also forced some of the larger buyers under title I of Public Law 480 to open ocean freight sections, and has introduced foreign competition to established United States firms in the business of brokerage and ocean freight. It also places an additional burden on the buyer in that he must now bargain separately for ocean freight, a field in which some of the buyers under title I of Public Law 480 have had no previous experience. It creates situations by which the terms of a charter party are not in accord with the terms of the delivery of the grain, the buyer being penalized by having to pay costly demurrage charges.

We bring this to your attention, not in the hope of obtaining remedial action through legislation, but solely for the purpose of pointing out one of the difficulties of doing business because of an administrative decision that we consider to be wholly unjustified and uncalled for. Many attempts have been made through the North American Export Grain Association to have the United States Department of Agriculture reconsider this action, but to date these efforts have not met with success.

As to title II of Public Law 480, there is no question in our minds as to the great humanitarian value of the program which in so many instances has benefited the underprivileged people in undeveloped countries and which has helped to maintain the traditional generous reputation of the United States throughout the free world.

Concerning title III of Public Law 480, and specifically the barter provisions of this section of the law: We are of the opinion, as we stated before at the Senate hearings held last year on this same subject, that the barter program in its original conception has been a most effective instrument for broadening world markets for United States agricultural commodities and that contrary to the contention of the United States Department of Agriculture the barter program did tend to increase total exports of these commodities. We believe that the announcement of May 28, 1957, has served to effectively kill the barter program. Notwithstanding the difficulty of doing business under the recent restrictions placed on the program, we have undertaken several barter contracts in a sincere effort on our part to attempt to make the program work. Unfortunately, our attempts to dispose of agricultural commodities acquired under these recent contracts are not meeting with much success. Due to the fact that any country for which a certificate of additionality is not required either has no need for any of these commodities or is unable to pay for them. In most importing countries where the importation is accomplished through private trade channels or government licensed importers, it is impossible to obtain such a certification of additionality from a government primarily because no government official is in a position to state that such importation is in addition to "normal" imports of a given commodity from the United States. In the few instances to date where we have been able to obtain a form of a certificate of additionality, the certificates have been unacceptable to the United States Department of Agriculture because they have not conformed to the rigid and, to our minds, unwarranted specifications laid down by the United States Department of Agriculture. We believe that in view of the position taken by the United States Department of Agriculture, legislation, such as was contained in the original Senate bill, S. 3420, is needed to reinstate the barter program to a volume level at least comparable to the volume of business which was done prior to May 28, 1957.

To summarize, we feel strongly that each of the parts of Public Law 480—namely, title I, title II, and title III—is a necessary program that has greatly aided in the disposition of United States surplus agricultural commodities. These programs must be extended and, in the case of title III, barter must be restored to its previous level. Any cutback in these programs is invariably reflected in the export volume of surplus commodities. For example, the very large drop in volume in the barter program coincides with a drop in total United States exports of many millions of bushels of grain. One can only reflect that this situation serves to refute the position taken by the United States Department of Agriculture that barter sales were replacing cash sales.

Once again, Mr. Chairman, we urge that your committee consider legislation to continue the good work of Public Law 480 and to correct the inequities of the barter program as it now stands.

The CHAIRMAN. Is Mr. Irving Sverdlik present?



Mr. SVERDLIK. We do not have a written statement, sir, and would like to make an oral statement here.

The CHAIRMAN. All right, sir.

How about Mr. Bernard Jolies?

Mr. JOLIES. My statement is very, very brief, sir.

The CHAIRMAN. All right.

Are there any other persons who would like to present statements now?

(No response.)

The CHAIRMAN. If not, we shall call on Mr. Irving Sverdlik.

Are you in favor of the extension of Public Law 480?

Mr. SVERDLIK. Yes, sir; we are.

The CHAIRMAN. Proceed.

**STATEMENT OF IRVING SVERDLIK, SECRETARY OF THE  
CALABRIAN CO., NEW YORK CITY, N. Y.**

Mr. SVERDLIK. Sir, my name is Irving Sverdlik. I am the secretary of Calabrian Co., which is a barter contractor, which has worked with the United States Department of Agriculture on barter contracts for many years, since the beginning of the barter program. I believe we were one of the first barter contractors.

If the Chairman will permit us, sir, having heard the references made in the interrogation of the previous witness testifying here, we would like to make a few comments with reference to some of the matters which were brought to the attention of the group, which I think, possibly, from our experience in this field, we may be able to clarify.

There was a statement about \$2 billion. That statement is in error. I think it crept inadvertently into this area. The total barter business, as we understand it, has been a little under \$1 billion since the institution of the program.

The CHAIRMAN. May I interrupt?

We know all of that. That has been submitted by the Department. I wish you to confine—and all of the other witnesses, if they will—their remarks to this proposed extension.

Mr. SVERDLIK. Mr. Chairman, the only reason I mentioned it is that I thought it was a misunderstanding——

The CHAIRMAN. We can go back and rehash all that.

The Department can give us figures, month by month, on all the transactions.

Permit me to ask this question:

In your opinion, have any of these barter transactions, in any way interfered with normal business trade and commerce?

Mr. SVERDLIK. So far as we know, sir, they have not interfered or displaced cash sales.

It is possible, sir—we certainly do not say that there never has been a cash sale which has been displaced by a barter sale, but we invite the attention of the members of the committee to the testimony before either this committee or a subcommittee of this committee by Assistant Secretary Butz some months ago concerning the title I and title II programs.

He was asked there: Do these programs interfere with cash sales?

And he said: Generally no. But occasionally it does. We certainly cannot prevent them from overlapping. However, that is no reason to destroy the title I or title II programs, because they are good programs. We are in favor of them within limits and within congressional supervision, but occasionally it might overlap.

We say, Mr. Chairman, that in the case of barter the advantages to the Government and to the Department of Agriculture in barter disposal operations is greater for reasons which we heard expressed by Mr. Friedman a little while ago, and then the title I local soft currency transactions, and then the gift transactions.

We are not opposed to title I or title II. Personally, we support them, but we point out that that argument, that there may be an occasional overlapping, is not a valid argument to destroy a program.

Now, in general, our experience has been consistent with the testimony of Mr. Friedman of Standard Milling, and the testimony yesterday—through which we sat as observers—of Mr. Crofton of the Crofton Grain Co., and the officer of Continental Grain Co., that there is no displacement or no displacement of any substance; and that in their opinions, from their experience in the grain business, as experts for many years in that business, the barter program, if anything, increases net exports and assists cash sales, rather than not.

The CHAIRMAN. The record substantiates such a statement as you have made—

Mr. SVERDLIK. Yes, sir.

The CHAIRMAN (continuing). As barter transactions have increased, dollar transactions have likewise increased—

Mr. SVERDLIK. Yes, sir.

The CHAIRMAN. As barter transactions have decreased, the dollar transactions have decreased?

Mr. SVERDLIK. Those are the findings of the statistics of the Department of Agriculture, Mr. Chairman, as we read them.

Now, Mr. Chairman, the issue was raised, and it seemed to us to be a highly pertinent issue, yesterday, as to whether or not this program—assuming this committee determines that the barter should be operating—and it is not operating now—be a mandatory provision, or should a mandatory provision be recommended or enacted, recommended by the committee and enacted by the Congress?

Our position on this very vital question is that unless such a mandatory provision does exist, there is no assurance whatever from the past history of the activities of the administrators in the Department that the program will ever be rejuvenated or reinstated.

There is every evidence that this cash sales argument, which does not seem to be a valid argument, has been used to kill the program.

We believe that anything short of a mandatory provision will be subject to loopholes in all probability, which may be found by the same persons who are violently opposed to the barter program, to get around the provision.

Now we have recognized—and we do not say it naively—that it is reasonable for Congress to write a law saying, "Mr. Secretary of Agriculture, you must assign contracts totaling \$500 million," or anything. That would be outrageous, in our opinion, with all due respect to the committee and any other persons' testimony here.

That is not what we recommend; because we feel with them—and our experience, actually, is so contrary, where we negotiate on a com-



petitive level for years, for months, and sometimes for years, before we get a barter contract through with them—our experience is so reversed from the concept of forcing them to sign a contract—and the keen, competitive attitude toward the barter contractors within the barter division itself is such that it is hard for us to face this problem without realizing that the Secretary of Agriculture, of course, must have some discretion to make trades that are in the interest of the Government.

But we suggest that, Mr. Chairman, in connection with a mandatory provision, possibly this committee should recommend standards which the Secretary must meet.

And if these standards are met, then he should barter up to an amount designated by the Congress.

Possibly the Congress should supervise the program and keep track of what is happening.

With all due respect to this committee—and I do not know the answer to what I am suggesting now—I wonder if this congressional committee or if any congressional committee, knew that the administrators in the Department of Agriculture were throttling the barter program?

The only way we heard about it—and we were in the business—was through rumors that came out that there seemed to be a slowdown in awarding contracts.

The CHAIRMAN. May I interrupt you to say that the committee did know it, just about the time that it happened, May 28, 1957, and we invited officials of the Department to appear before us. They stated that they were not altogether opposed to barter transactions, but that the barter transactions, in the opinions of officials, were actually interfering with normal trade.

Mr. SVERDLIK. Well, Mr. Chairman, the point of our remarks was that we wondered if this committee knew that so-called discussions were being held on various levels—according to Mr. Berger's testimony before this committee, in past testimony—during earlier months, prior to April or March, and that the Department of Agriculture, administratively, in its own absolute discretion, had determined to put into effect certain regulations which, in effect—according to everyone in the business to whom we have spoken—terminated the program.

We learned about it by the press release—within the day it was issued.

We had heard rumors, and we knew contracts were not coming out.

As far as we know, no one in the trade was consulted by the Department of Agriculture directly or indirectly, and we just wonder, Mr. Chairman—and that is why I made the point—whether this was something which had been open.

Now, Mr. Berger testified in the May 28, 1957, directive or press release—and I do not remember the exact wording—but that a comprehensive set of conferences and a report and survey were being made of this problem, and that that directive was the basis of research and statistical studies and conferences within the Department of Agriculture.

Yet, when Mr. Berger was interrogated on this very point, Mr. Berger's testimony indicated that on July 16, 1957:

There is no written record of the review on which this decision was based.

Then he said:

As a result of some conferences at various levels, the facts "came into focus," and we decided the thing to do was to terminate the program.

He testified before this committee that there was nothing in writing at any level within the Department of Agriculture, apparently no memos, no indications, no recommendations, no statistics, and the program was thereupon killed with a press release directive which seems to indicate that there was some comprehensive study.

The only time, to our knowledge, that any comprehensive study was disclosed followed, apparently, Senator Humphrey's request to the Agriculture Department to furnish statistics.

According to Senator Humphrey's written report, which we have read, it indicates that the Department of Agriculture took 2 to 3 months before replying to a questionnaire.

That questionnaire's statistics indicates the cash sales argument seems to be nothing, because cash sales and barter are shown to go up together, and to go down together; and all the people in the trade say barter is actually one of the factors which help cash sales go up; and, unfortunately, without its assistance, caused it to go down when it was not around to bolster it.

Now I mention this point, Mr. Chairman, in response, I think, to a comment or a question Mr. Hagen asked the witness relating to ODM's control of this program.

And the reason I do it, sir, that is on October 30, 1956, the Department of Agriculture issued an information bulletin and this is what it says—this is a direct quotation—October 30, 1956, from a Department of Agriculture official document:

The barter program has been in operation since 1950 and has proved well suited to Government procurement. Administration policy is directed to the expansion of barter procurement.

Now, that was October 30, 1956. Very shortly thereafter, in November 1956, rumors started to reach us that the program was going—

The CHAIRMAN. May I interrupt you? I do not know whether it is going to be beneficial to this committee to go into this testimony you are giving as to what transpired in 1956. Your complaint is to the effect that you were not consulted.

Mr. SVERDLIK. No, sir.

The CHAIRMAN. We can understand that you were not consulted and did not know anything about it. Actually the Congress did not know anything about it until it came out.

I think I can say for all members of the committee that they are in favor of barter. You said that you were in favor of barter. I think that is sufficient, and I think that we should move on, because we have 10 or 15 additional witnesses to hear.

If there is anything else that you wish to say, we shall be glad to hear you.

Mr. SVERDLIK. Well, I do have some points. I recognize the problem of time.

The CHAIRMAN. It is unfortunate but it cannot be helped, if everyone is given an opportunity to present their views.

You are in favor of barter. Have you any suggested language?

Mr. SVERDLIK. Well, sir, I have a specific suggestion not phrased in legal terminology but we have suggestions that we would like to



submit for your consideration as to how this mandatory directive might be considered or possibly could be tied in with a standard——

The CHAIRMAN. Are your suggestions written out?

Mr. SVERDLIK. Well, sir, I have my own notes here. We worked last night in a conference of members of our company following the listening to the testimony here.

The CHAIRMAN. What I mean is, do you have them in the form of recommendations for amendments to the law?

Mr. SVERDLIK. Yes, sir.

The CHAIRMAN. How long will it take you to submit them?

Mr. SVERDLIK. You mean, say them or read them?

The CHAIRMAN. Yes.

Mr. SVERDLIK. I would say about 3 minutes.

The CHAIRMAN. You may proceed.

Mr. SVERDLIK. We suggest that a directive worded roughly as follows be considered by this committee: That the Secretary be directed to employ barter of surplus commodities as a prime disposal method for strategic or other materials where such barter starts out to exceed a fixed figure which for purposes of discussion we put in as \$500 million a year based upon the past history of the barter program, falling close to \$400 million a year, during the period in which the program was not operating at full blast or with the full blessing of the Department, this directive shall be operative under the circumstances where materials which are offered for barter are substantially less expensive to store, where they entail substantially less loss from deterioration, where the United States does not produce adequately for its own requirements the material, or where the requirements are specified for Government stockpiling and where such barter is offered at prices consistent with market prices existing at the time of the offer of such material.

We further suggest any such legislation should indicate that no material should be excluded because domestically processed and that if material is available processed from domestic raw materials that the requirement occur that the processor or barterer import into the country equivalent material to replace the national supply.

We also suggest for consideration that Congress determine, in order to settle these past sales arguments, that under existing legislation, and we believe that is the situation under existing legislation, that barter transactions comply with the provisions of this section and the requirements set up by this or the Congress be deemed to protect the assets of the Commodity Credit Corporation because by definition they are a transaction by Congress and so you do, and we suggest to you, Mr. Chairman, that our suggestions are a modification of the barter legislation, we are suggesting a weaker program than the present legislation.

The present legislation is wide open, there is no limit on barter that the Department of Agriculture has, as we read the law, what they may do, there is no ceiling per year, there is no final termination date.

We are suggesting that Congress get hold of this program, consider it, govern it, limit it to an annual ceiling, and see what it does during a year and then amend or change as required.

The CHAIRMAN. May I interrupt? That is exactly what this committee has done and what has prompted these hearings.

I agree, and I think that most of the members agree, that barter is a good program. Any suggestions you make about limitations are, of course, for this committee to consider and say whether or not we will invoke limitations. I do not see why there is any reason to impose a \$500 million limitation, when we are not functioning at all.

I might observe that I think it might be desirable to include in the report an expression of opinion in favor of the continuation of the barter program. Mr. Anfuso?

Mr. ANFUSO. Mr. Chairman, I do not wish to get into any further argument with Mr. Hill, for whom I have the greatest respect, and therefore I am not going to ask any questions.

Mr. HILL. Off the record.

(Discussion off the record.)

Mr. ANFUSO. I do want to take this opportunity to congratulate you, Mr. Sverdlik, for the very fine statement you have made. You have presented a very learned statement, and I congratulate you.

I also want to take this opportunity to say that Mr. Cagliandro, who is the president of the company which you represent and who has been sitting here throughout these hearings, has done a tremendous job in trying to obtain strategic material for the United States, and he has done an equally tremendous job in moving our agricultural surpluses. I believe that men of his type are pioneers, and they deserve our thanks. And I thank you very much for your statement, Mr. Sverdlik.

Mr. SVERDLIK. Thank you very much.

Mr. HAGEN. Mr. Chairman, might I ask a question?

The CHAIRMAN. Mr. Hagen.

Mr. HAGEN. With reference to language in the bill, would you object to a phrase that such activity shall be consistent with the healthy promotion of the domestic mining industry or something like that?

Mr. SVERDLIK. I would not object to it.

Mr. HAGEN. You would not object to something like that?

Mr. SVERDLIK. No, sir; I would not object to it.

The CHAIRMAN. Thank you very much for your statement.

Our next witness is Mr. Bernard Jolis, vice president of the United States Industrial Diamond Corp.

#### STATEMENT OF BERNARD JOLIS, VICE PRESIDENT, UNITED STATES INDUSTRIAL DIAMOND CORP.

Mr. JOLIS. Mr. Chairman, I am only going to take a minute of the committee's time.

I am not in the grain business, and my company knows very little about grain because we are in the industrial diamond business.

The United States Industrial Diamond Corp. has been engaged in the industrial diamond business for approximately 30 years. My company imports industrial diamonds from all over the world; blends, classifies, and subdivides them into the various end-use categories in order to supply the manufacturers of all types of diamond tools throughout the United States and Canada.

Our company is wholeheartedly in favor of reactivating the barter program for two basic reasons:

(1) In order to achieve spectacular savings in storage charges on the agricultural commodities. The annual cost to store \$100 million



worth of agricultural commodities is approximately \$11 million as compared with an annual cost of \$2,000 or less to store \$100 million worth of industrial diamonds. I repeat: \$11 million for agricultural commodities, \$2,000 for industrial diamonds.

(2) The barter program enables this country to acquire for its own treasure chest, one of the few vitally strategic materials which are not produced in this country, and it is my own and my company's sincere belief that a country such as the United States with its vast mass-production economy can never have in its inventories too many industrial diamonds.

In spite of the two above reasons, industrial diamonds are still not included among the strategic materials exchangeable for agricultural commodities, and that thought has occurred to us that the omission of industrial diamonds may have resulted from General Electric's development of manmade diamonds which has been given such wide publicity.

The report of the Panel on Industrial Diamonds of the Materials Advisory Board of the General Services Administration (MAB-120-C) supports this supposition. If this is so, we feel it only right that this important technological development be viewed in its proper perspective. Even though GE's manmade diamonds are today being produced at a substantially higher cost than the natural product, it may be supposed that this cost will be reduced in the future.

However, what may not be generally appreciated is that manmade diamonds cannot be likened to natural industrial diamonds as a diamond is envisaged by the layman. The manmade variety is so far in the form of powder only and, as such, can only be used when impregnated into a grinding wheel of some form or other, and in this state it will compare very favorably with only about two-thirds of the operations for which natural diamond powder is also used. There is one-third of diamond grinding operations where manmade diamonds will not, so far, perform adequately. However, diamond powder, whether manmade or natural, cannot be substituted for a whole stone.

All hardness testing, wire drawing, boring and turning, grinding wheel rectifying; in fact, in the manufacture of practically all precision instruments, a whole diamond stone is needed. This is equally true of the diamonds needed for deephole drilling in vital mineral and oil exploration.

The industrial uses for which natural diamonds are required are no less vital to the national economy and defense than the uses which "manmade diamonds" serve, and for all these uses where manmade material cannot be used, the United States still remains dependent upon foreign sources.

I would like to quote from the Report of the Panel on Industrial Diamonds of the Materials Advisory Board—MAB-120-C, page D-5:

At present, the supply of natural industrial diamonds is not sufficient to meet demand. There are no significant reserve stocks. There is no reason to believe that this situation will improve, in view of the probable expansion in use of industrial diamonds, and in view of the exhaustible nature of mineral resources generally. In addition, strategically, the location of natural diamond sources is far from ideal.

On the other hand, there are the present day some \$25 million worth of industrial diamonds waiting to go into the stockpile through barter transactions, but we are not allowed to barter them.

Thank you, Mr. Chairman; I am finished with my statement. I appreciate this opportunity.

The CHAIRMAN. How long has it been since industrial diamonds have not been on the strategic list?

Mr. JOLIS. They were put on the list July 9, 1956, and they were taken off the list in January 1957 without any diamonds having been acquired.

The CHAIRMAN. No diamonds were acquired under barter?

Mr. JOLIS. Yes, sir, they were; they were acquired in 1954, 1955, and early 1956, and then on January 9 of 1956 they were put on the list again of materials available for barter transaction but they were taken off the list in January and during that period from July to January none was acquired.

The CHAIRMAN. What about since last May?

Mr. JOLIS. None have been acquired, sir.

The CHAIRMAN. How many do you have in the stockpile now?

Mr. JOLIS. I would not know; that is classified information.

The CHAIRMAN. Thank you very much for your statement. Any questions?

Mr. HILL. One statement or observation and one question.

While I firmly believe that it costs too much to store farm surplus products and while at first glance it would not appear that would be the case of diamonds to which you were referring, would you put in the record later or can you answer now without checking up—if you are going to store diamonds, you certainly have a high insurance rate. You may not have any storage charges on the diamonds to amount to anything, but you certainly would have insurance.

Mr. JOLIS. I believe that is included in the figure I gave the committee, sir.

Mr. HILL. It is included.

Mr. JOLIS. I believe it is.

Mr. HILL. You do not have any idea what the insurance charges are?

Mr. JOLIS. No; but that is included in the figure of \$2,000 a year.

Mr. HILL. One other question. I don't know whether you mentioned the fact, but I believe that diamonds are produced in only 1 or 2 spots in the world.

Mr. JOLIS. That is right.

Mr. HILL. I might observe that those of us who live in the inner portions of this country, shall we say, and who are a long ways from the shores, are more likely to be interested in the commodities nearer to us than products that are produced in far-off foreign lands and I think that we have to consider where you get those products.

Mr. JOLIS. Yes, sir.

Mr. HILL. And I cannot see much at all about this diamond problem that would affect farm products because I can only remember of one place where you can get diamonds, and I am sure that you could not go into Africa and trade farm products for diamonds.

Mr. JOLIS. No, sir; we buy diamonds.

Mr. HILL. And that would go just to the commercial, the industrial part of the diamond enterprise owned by the Diamond Trust?

Mr. JOLIS. Well, we go out into the world market, sir.



Mr. HILL. How many people are there engaged in—how many diamond organizations are there? If you are going to deal with a diamond organization, possibly there would be only 1 or 2?

Mr. JOLIS. Well, when you talk about diamond organizations, there is one, very large one. However, diamonds are available in other parts of the world.

Mr. HILL. Including Arkansas?

Mr. JOLIS. Well, theoretically.

Mr. HILL. You will admit that?

Mr. JOLIS. Yes; I will, sir—theoretically, Arkansas.

Mr. HILL. That is all.

Mr. ANFUSO. Mr. Chairman.

The CHAIRMAN. Mr. Anfuso.

Mr. ANFUSO. Mr. Jolis, industrial diamonds are the type of strategic material that the Russians are trying to corner the market on, are they not?

Mr. JOLIS. They have been in the past.

Mr. ANFUSO. And they are trying to acquire them wherever they can get them; isn't that so?

Mr. JOLIS. That is correct.

Mr. ANFUSO. That is all I want, and thank you.

Mr. Jolis, I do want to congratulate you and congratulate the United States Industrial Diamond Corp. for the help that you have given to this barter program and to congratulate you on your statement which will be given consideration by the committee.

Mr. JOLIS. Thank you very much.

The CHAIRMAN. Thank you.

Without objection, and by unanimous consent, the clerk is directed to insert into the record statements and other communications which have been filed with the clerk and which were addressed to me as chairman.

(Statements and communications referred to are as follows:)

STATEMENT OF HON. GEORGE MCGOVERN, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF SOUTH DAKOTA

Mr. Chairman and members of the committee, there are two surpluses confronting the American people today. One is the surplus of food—the so-called farm surplus. The other is the surplus of hungry human beings in all parts of the globe.

The demands of true statesmanship will not have been met until we find a way for these two surpluses to cancel each other.

We are not using very much of our intelligence and imagination when we wring our hands in despair over our bursting granaries, while all around us we are confronted by the grim specter of human starvation.

If we would turn even a fraction of the brainpower that we use perfecting weapons of death to the constructive use of food, we would have to increase farm production instead of worrying about surpluses.

Studies by the United States Department of Agriculture have demonstrated conclusively that if low-income families in the United States were enjoying the same diets as moderate-income American families, we would have to increase our farm production just to feed our own population.

At a time of great national prosperity, it is easy to forget that millions of American families are subsisting on inadequate diets. Many a resident of the Nation's Capital was shocked last winter when the local press disclosed conditions of malnutrition and outright hunger among schoolchildren within the shadow of the United States Capitol.

It has always seemed especially tragic to me when hunger strikes a little child, or when it is added to the afflictions of the aged. Yet, even in abundant America, millions of our youngsters and our aging citizens are blighted by malnutrition.

Only one-fourth of the Nation's schools are participating in the school lunch and milk programs. Yet, an appalling number of schoolchildren are hampered by meager, inadequate diets.

At the other end of the age scale, our elder citizens are trying painfully to stretch social-security checks, modest savings or annuities over the inflationary gap that separates them from decent diets and adequate medical care.

The problem of hunger in the United States is as nothing, however, compared to the grinding hunger that is the curse of 2 out of 3 people in the rest of the world.

I have believed for a long time that aside from any moral considerations involved, our surplus food can be our greatest asset in our global competition with Soviet communism.

The one American asset which the Russians envy above all others is our agricultural productivity. Certainly, the Russian leaders would not regard a food surplus as a handicap in their efforts to convert the world to communism.

The Russians know that food is more powerful than guns in building friendships with the depressed nations of the world.

I have no doubt that, wisely used, food will win more hearts in the battle against tyranny than will guns and bombs.

It is still true that bread cast upon the waters will return to bless the giver.

The constructive use of food will not only be a boon to American agriculture and a helpful ingredient in American foreign policy; it will help us discharge one of the great moral responsibilities entailed in world leadership.

Providence has blessed America with vast quantities of fertile soil and sweet water. We cannot consider ourselves faithful stewards of this abundance unless we heed the cry for bread of others who are less fortunate.

I am convinced that an injustice has been done the American farmer by those in high places who have penalized him for his efficiency and productivity. Instead of forcing farmers off the land by deliberately dropping the farm price level, and, instead of cursing farm abundance, we ought to thank God for the skillful farmers and rich soil that have saved us from hunger.

As long as I live, I will never forget the hungry faces of little children, the worried mothers, and the haggard fathers that were everywhere around me on a 3-week study tour that I made in the Middle East in 1957. It brought back similar scenes of hunger that I had seen 13 years before among the people of southern Italy when I was stationed there as a World War II Air Force pilot. The brightest spot in that sad picture was the assurance we received that American food distributed by churches and charitable groups including CARE was deeply appreciated by the people.

One fact is certain. No one can witness the hunger that is the lot of most of the people of the world and ever again talk about farm surpluses. The real surplus that we ought to be meeting head on is the tragic surplus of men and women, boys and girls, whose outstretched hands are yearning for the food produced on America farms.

We can do more to check the spread of communism among these hungry millions by using our food resources than by giving them more and bigger guns. There is no case in world history of any nation that was well fed embracing communism. Communism feeds on hunger and misery. It has made its greatest gains not by force of arms, but by promising bread to the hungry. Why, then, do we devote so much of our foreign-aid dollars to guns, and so little to such food-using programs as Public Law 480, CARE, and CROP? At home, why do we do so little to counter the ravages of malnutrition?

I suggest that we develop and expand the following five programs as steps toward a better utilization of food surpluses:

1. A simple food stamp plan designed to make food surpluses available to needy American families;
2. An expanded school lunch and school milk program;
3. Greater exchange of America farm surpluses for foreign currencies under the principle of Public Law 480. This program enables countries with a dollar shortage to buy American farm surpluses with their own currencies. We in turn use the national currency for constructive purposes in the country involved. In addition to the United States Government, religious and charitable organizations are now participating in this program. They distributed over a billion and a quarter pounds of surplus foodstuffs last year;
4. An expanded use of farm surpluses in needy countries through the Food and Agriculture Organization of the United Nations; and



5. A national food reserve to protect us against famine, pestilence, and war. This should be supplemented with a world food bank under the auspices of the United Nations.

These are only a few of the steps that we might take in utilizing the surplus of food to decrease the surplus of hungry stomachs.

The time has come when we have both the ability and the responsibility to convert food abundance into a telling attack on the ancient evil of hunger. Let us attack, then, with the same vigor and clear purpose that has sent us into battle against less challenging enemies in the past.

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STATEMENT OF BUNGE CORP., NEW YORK, N. Y., CONCERNING THE BARTER PROGRAM  
UNDER PUBLIC LAW 480

On behalf of Bunge Corp. I would like to thank this committee for requesting our views on certain aspects of the extension of Public Law 480.

During the hearings conducted by the Senate Committee on Agriculture and Forestry during June of last year we had the privilege of being allowed to express our views on the barter program. The experience gained in the 11 months that have elapsed since the new barter regulations became effective have confirmed the views we expressed at the time, and we can do no better today than restate these opinions and add a few comments to bring them up to date.

Our statement of June 21, 1957, read as follows:

"We are in favor of the basic idea of exchanging perishable surplus agricultural commodities for nonperishable strategic materials which can be stockpiled indefinitely at a minimum of storage cost and represent a valuable asset in an emergency or for subsequent use by American industry in the face of our rapidly diminishing natural resources.

"We are of the opinion that the barter program, as originally established, effectively contributed to the increase in the overall export sales of our burdensome agricultural surpluses. It has lately been contended that exports under the barter program have replaced sales which otherwise would have been made for free dollars, but we do not agree with this view. We believe that the incentives offered by the barter program have resulted in increased sales of United States grains. Without this program, many such foreign sales would not have been made from this country but would have been made by competing countries. It is of course difficult to demonstrate this on any particular sale, but we are of the firm opinion that the overall increase in exports from this country during the last few years can, to a great measure, be attributed to the barter operations.

"This program has provided an opportunity for the exporters to expand their markets for United States grain in the face of a buyers' market throughout the world caused by increased food production by competing countries.

"An important factor in the program is the commitment by the exporter to sell the agricultural commodities within a given period of time. This represents a substantial risk to the exporter, demanding an aggressive sales policy in today's buyers' market in order to fulfill such commitment.

"The new program, as revised on May 28, 1957, unfortunately has so many restrictions that its effectiveness appears extremely doubtful. The exporter is required to make a number of important determinations and accept certain obligations in advance of the commitment under the barter contract which are in most cases impractical, if not impossible. For example, it requires the designation of the particular commodity to be exported and the specific country of ultimate destination to be named in advance. In the case of almost all the major importing countries, it requires that a showing be made that the specific sale will result in a net increase in the total United States exports to that country, whereas it is virtually impossible to substantiate the fact that any particular sale results in such net increase.

"The present regulations further require that the exporter provide assurances that the commodity will not be resold by our purchaser abroad to any other country even though friendly. This restriction is such an obstacle to the natural flow of commodities in free world trade channels as to normally prevent the sale, or if the sale is made, it places the impossible burden of policing it on the shoulders of the exporter. These and other unrealistic requirements combine to make the present program so restrictive in practice that, in effect, it is unworkable.

"If the barter program is to be continued as an effective mechanism for the disposal of agricultural surpluses, we recommend that consideration be given to an immediate reappraisal of the current regulations. We submit that the export trade concerned with this program could be helpful in formulating a workable procedure."

Experience has proven that the views we expressed at the time were substantially correct.

In your letter inviting us to appear today before this committee the question is asked: "Has the barter program interfered with cash sales for exports?"

We believe it has not. We are aware that persuasive arguments can be presented in support of both sides of the question. It can be argued, for instance, that during 1957 certain commodities, sold by CCC under barter arrangements, could just as well have been sold for cash. At the same time one could support the contention that since the contraction of the barter program United States sales abroad have diminished to an appreciable extent, while those of competing countries have in some cases improved.

If, therefore, in the face of these contradictions we state our belief that the barter program has not interfered with cash sales for export, we do so because our day-by-day market experience shows that the incentives and selling pressures developed through the barter program have undoubtedly contributed to the increased sales of United States commodities and that without this program, a great number of foreign sales would not have been made by this country but would have been made by competing countries.

Should it be found necessary to adhere to the barter program in its present form we would like to close with two recommendations which we believe would contributed to a more workable barter program without substantially conflicting with the current policies of the Department of Agriculture.

The first suggestion is that no proof of additionality should be required on sales of commodities to those countries where a title I agreement has been entered into. Such additionality would be automatically assumed for a determined period of time thereafter.

We further recommend that no proof of additionality be required wherever the agricultural commodity is shipped to the same country which supplies the stockpile material under the same barter contract.

Thank you for the opportunity to express our views.

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HOWARD COTTON Co.,  
Dallas, Tex., May 1, 1958.

HON. HAROLD COOLEY,  
*Chairman, House Committee on Agriculture,  
House Office Building,  
Washington, D. C.*

DEAR SIR: I wish to go on record as favoring House bill H. R. 10487.

For your information, Howard Cotton Co., of Dallas, Tex., is an American corporation which during the last several years has been the largest exporter of cotton to Canada.

The barter provisions included in H. R. 10487 will, in our opinion, tend to increase the amount of American cotton we export to Canada, and have a bearing on the cost that could in some instances be the deciding factor as to whether our clients would buy American or foreign growth cotton.

Therefore, I endorse and support your bill H. R. 10487 and hope it will be acted upon favorably.

Sincerely,

Q. B. CUBBY, *President.*

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VOLKART BROS., INC.,  
New Orleans, La., May 1, 1958.

Re H. R. 10487

HON. HAROLD COOLEY,  
*Chairman, House Committee on Agriculture,  
New House Office Building, Washington, D. C.*

DEAR SIR: We have before us H. R. 10487 which we understand will shortly come up in the House Committee on Agriculture.

We fully endorse the proposed legislation and would like to express our views, in particular with respect to the provisions directing the Secretary of Agricul-



ture to expand barter operations involving agricultural commodities owned by the CCC, that such barter operations have contributed to an increase in cotton exports. Not only has the procurement of strategic materials in foreign countries increased their dollar earnings which, in turn, has a beneficial effect on such countries' ability to buy American cotton and other farm commodities, but the special barter arrangements which cotton shippers have enacted into have made sales to approved free dollar destinations possible which otherwise might have gone to other cotton-producing countries. As one example we mention Australia where on several occasions we lost out on export sales to Mexico until our barter arrangements enhanced American cotton's competitiveness. As a consequence, exporters, like ourselves, who have entered into barter arrangements with importers of strategic materials, not only have succeeded in securing additional export sales, but we were also induced to bid more aggressively when buying cotton from the CCC under its sales for export program in order to make sure of making the purchase from CCC to fulfill our barter commitments. It goes without saying that such aggressive bidding has benefited the CCC in the final analysis.

We hope that you will be able to rally sufficient support for H. R. 10487 among your colleagues, and with our best wishes for a successful campaign in the fall, we remain,

Very truly yours,

KURT MULLER, *Vice President.*

COOK & Co., INC.,  
Memphis, Tenn., May 1, 1958.

HON. HAROLD COOLEY,  
*House Office Building,*  
*Washington, D. C.*

DEAR MR. COOLEY: Bill H. R. 10487, which was introduced by you, in my opinion is most timely and I hasten to advise that I am heartily in sympathy with the aims of this bill.

In my opinion the barter program has led to an expansion of the distribution of surplus agricultural products as it has encouraged buyers to go into the market when CCC stocks were offered, laying in supplies which they felt would move to countries where such barter arrangements were possible.

The barter arrangements with the various countries have allowed them to come into the market to buy such surplus products when otherwise I am sure their purchases would have been reduced.

With kindest regards, I am,

Sincerely yours,

EVERETT R. COOK.

H. MOLSEN & Co.,  
Dallas, Tex., May 2, 1958.

HON. HAROLD COOLEY,  
*Chairman of the House Committee on Agriculture,*  
*Washington, D. C.*

DEAR MR. COOLEY: It has come to our attention that you have introduced bill H. R. 10487 which contains a proposed expansion of the barter operations. Since we are cotton exporters we feel that we are qualified to express our view on this bill. There is no doubt in our mind that the barter operations against strategic materials have greatly helped to increase the export of agricultural products and particularly cotton. Writer feels qualified to make this statement since he visited Australia among other countries last year. He personally was able to make substantial sales of cotton to Australia which were purely due to applying a barter operation. Otherwise such sales would not have taken place.

There is no doubt that due to barter and the ability to buy our agricultural products at a discount, a substantial increase in exports of American cotton has taken place.

We strongly feel that other countries would be similarly affected and we therefore wish to inform you that we strongly endorse the adoption of your bill which we understand is coming up in the House Committee on Agriculture some time next week.

We may furthermore add that we have bought special lots from the CCC in order to apply such cotton on a barter transaction. If we had not had barter facilities we assure you that we would not have bought these additional lots of cotton from the CCC.

Talking from firsthand experience, as stated above, the barter operations have contributed to a net increase of exports of cotton since the procurement of strategic materials from abroad have increased the dollar earnings of such countries who are producing these strategic materials. The dollar earnings have then been used to buy cotton and other commodities in the United States.

We greatly appreciate your efforts in sponsoring bill H. R. 10487 and remain,  
Respectfully yours,

CARL A. ALBRECHT.

PHILIPP BROS. ORE CORP.,  
New York, N. Y., May 5, 1958.

Re Public Law 480

Hon. HAROLD D. COOLEY,

*Chairman, House Committee on Agriculture,  
House Office Building, Washington, D. C.*

DEAR SIR: We are advised that public hearings on Public Law 480 will commence today and possibly continue throughout this week.

We are interested in reiterating the endorsement given to the Honorable Allen J. Ellender, chairman of the Senate Agricultural and Forestry Committee, to the effect that we support the barter program as proposed under title III of this bill.

We are confident that your hearings will enable all facts to be presented which should show that the so-called barter program is good business both for the United States and for many foreign countries.

Yours very truly,

J. L. FEELY, *Vice President.*

AMERICAN COUNCIL OF LEARNED SOCIETIES,  
New York, N. Y., May 5, 1958.

Hon. HAROLD D. COOLEY,

*House of Representatives, Washington, D. C.*

DEAR SIR: I am writing to support H. R. 11906, submitted by Congressman Dingell as an amendment to the Agricultural Trade Development and Assistance Act which I understand your committee expects to consider shortly. Mr. Dingell's amendment permits the use of counterpart funds for the analysis of foreign books and periodicals to determine whether they would provide information of technical, scientific or educational significance in the United States, for the cataloging, registry, abstracting and translating of such works, and for the acquisition of such materials for deposit in research libraries in the United States.

Not only does this appear to me to be a perfectly proper use of counterpart funds, but the proposal, if enacted, would form the basis for one of the most significant developments in the exchange of scientific and cultural information in years. For many strategically important areas of the world, the United States has very few experts, and there is no well-developed system of registering and cataloging books and periodicals from these areas. The few specialists we have do not have the facilities or the manpower to keep fully informed on all the developments abroad, and even where library funds are available, acquisition of the material is often haphazard. The problem of reading, abstracting and translating these materials is well beyond our resources of trained manpower for many parts of the world. This program would permit us to use the resources of the foreign countries in a very effective way. Foreign personnel, with guidance from American personnel, would do the bulk of the work. Their efforts would improve knowledge within their own countries, as well as providing us with the information we need. Our prestige would thereby be enhanced abroad: particularly would we counter the charge that Americans are interested only in material things.

The provision for the careful acquisition of materials and their deposit in appropriate research centers in the United States is equally important. This is, indeed, the principal objective of the program. It would greatly enrich our research resources and encourage the further study of many strategically important foreign areas. It would encourage younger scholars to learn the languages and to pursue the study of these new materials.

As you may know, the ACLS has been interested for many years in improving American understanding of all parts of the world. Our organization has pioneered in the promotion of Japanese, Chinese and Slavic studies, and in the scientific study of linguistics. We have an existing program for the preparation



of textbooks, dictionaries and graded readers for the study, by Americans, of Oriental languages for which such materials do not exist. We have prepared 10 volumes for the study of American English by speakers of foreign languages. Regarding the present proposal of Congressman Dingell, I am delighted to see this evidence of interest and I urge your committee to give it every consideration.

Yours very truly,

FREDERICK BURKHARDT, *President.*

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NATIONAL COUNCIL OF FARMER COOPERATIVES,  
Washington, D. C., May 6, 1958.

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives, Washington, D. C.*

DEAR MR. CHAIRMAN: It is our observation that activities under the Agricultural Trade and Development Act have exerted a constructive multiple leverage on our foreign economic policy. We support the principles and purposes of the act until it can be demonstrated that it no longer contributes constructively to our domestic and foreign economic policy; and urge its extension by appropriate authority and with appropriate funds for its activities from time to time as results may warrant. It is obvious that private traders cannot command the dollar exchange in trade with foreign governments necessary to move a sufficient volume of our agricultural products in world commerce. Dollar exchange has been freed for capital goods and industrial purchases by the creation of this additional exchange for trade in agricultural products.

The act has—

1. Promoted economic development in underdeveloped countries to increase payrolls and purchasing power, diversification and economic balance.
2. Converted abundant agricultural resources into an American asset in international economic and political relations.
3. Conserved dollar exchange both here and abroad for industrial purchases and other uses.
4. Accustomed the people of contracting countries to a higher standard of living, and, if this is continued, will develop a permanent effective demand for more food and fiber products, hence contribute to market development.
5. Promoted convertibility of foreign currencies on a constructive basis.
6. Contributed to stockpiles of strategic materials.
7. Contributed materially to relief activities of private organizations which devote voluntary efforts to decentralized distribution of foodstuffs.
8. Spurred private export of farm products.
9. Leveled off and reduced the accumulation of public and private surplus farm products in this country.

Objections to this program have come from a few countries which export a very large proportion of their agricultural production, in some cases 90 percent of the total production, and whose agricultural products are a dominant part of their total exports. In contrast, 90 percent of our agricultural production is consumed at home and agricultural exports constitute about 25 percent of our total exports. The answer to their problem is more balanced economic development and industrial diversification at home, to increase the domestic demand and consumption of their own agricultural products. As a matter of fact, several countries, formerly heavy suppliers of competitive agricultural products, have become importers of American farm products, since embarking on economic diversification under our economic-aid program.

The overall approach to the worldwide agricultural problem is to even out production and distribution which are too thin in some areas and too thick in other areas, through more diversified economic development and the trade resulting therefrom.

We believe the multiple values of operation under this act can be measurably increased by provision for additional disposal of accumulated currencies, through sale and loan, to private industrial and trading concerns, operating in the area of the currency origin.

We believe that the maximum amount of foreign currency acquired from sales under this act, after providing for United States Government expenditures, including market-development projects, in the country of origin, and for loans to the local government for internal public-improvement projects, should be made available under the Export-Import Bank through established banking channels,

for loans and sales to American private enterprise, and then to foreign private enterprise for industrial and commercial development. This would constitute primary economic development, the basis for all lasting market development in both foreign and domestic trade.

Sincerely yours,

HOMER L. BRINKLEY,  
*Executive Vice President.*

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NATIONAL CIGAR LEAF TOBACCO ASSOCIATION, INC.,  
Washington, D. C., May 6, 1958.

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives, Washington, D. C.*

DEAR MR. COOLEY: It has been noted that the House Committee on Agriculture is meeting this week for consideration of Public Law 480.

At a meeting of the officers and directors of the National Cigar Leaf Tobacco Association, Inc., on January 7, 1958, the following resolution was unanimously adopted:

*"Be it resolved,* That the National Cigar Leaf Tobacco Association hereby endorses and approves the purposes and operation of Public Law 480, and strongly recommends a continuation of the sale of surplus agricultural commodities for foreign currencies as a means of effectively supporting and expanding our foreign trade and improving our domestic economy."

We will appreciate your advising the members of your committee as to the viewpoint of the National Cigar Leaf Tobacco Association in connection with this important legislation.

Thanking you for your continuing interest in the problems of tobacco, I am,  
Cordially yours,

ARTHUR Y. LLOYD, *Executive Director.*

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NATIONAL GRANGE,  
Washington, D. C., May 6, 1958.

Re National Grange support for extension of Public Law 480.

HON. HAROLD D. COOLEY,  
*Chairman, House Agriculture Committee,  
House Office Building, Washington, D. C.*

DEAR MR. CHAIRMAN: The National Grange supports in principle pending legislation before your committee to extend Public Law 480, known as the Agricultural Trade Development and Assistance Act of 1954. This support is based on action taken by our delegate body assembled in annual session at Colorado Springs, Colo., in November 1957. The language of the resolution adopted by this delegate body is as follows:

*"Whereas* Public Law 480 was proved to be an effective instrument in enabling United States surplus agricultural commodities to be marketed in foreign countries which otherwise could not purchase such commodities because of the lack of dollar exchange; and

*"Whereas* Public Law 480 offers tremendous opportunities for developing new and expanded markets and for the carrying out of market development activities; therefore be it

*"Resolved,* That the National Grange support an increase in, and extension of, Public Law 480, and recommends that a greater use be made of the local currencies for market development work."

The National Grange executive committee, meeting on January 17, 1958, further spelled out the details of National Grange policy in this field with these words: "The committee instructed the staff to support extension of Public Law 480, preferably for a 2-year period, with a provision for authority to use the funds for a reasonable period beyond the period for which the actual authority for sales is granted."

The National Grange, therefore, urges your committee and the Congress to approve authority for a 2-year extension of Public Law 480 instead of a 1-year extension at a level of \$1.5 billion for each of the 2 years. There is no question in our mind but what the act will serve a highly useful and currently vital function for at least 2 more years. By granting now a 2-year extension of authority for the act, the administration of the act can be planned and implemented



on a more efficient and effective basis than would be true under a 1-year extension.

Careful estimates by responsible groups indicate that, barring a crop failure, agricultural surpluses may well continue to be a prime national problem for several years, regardless of programs designed to curtail production. It is our feeling that these surpluses may well amount to nearly \$2 billion a year for another 4 or 5 years.

This points up the possible need for a Public Law 480 type of program for more than the 2-year period we have recommended. It is our feeling, however, that it would be wise to take a careful look at the situation 2 years from now, and by planning for this legislation to expire at that time, such an appraisal will automatically take place.

There is danger, of course, in Public Law 480 becoming sort of a permanent part of our foreign trade and development policy. The Grange feels that it should not become a permanent program, and that we should all look forward to the day when its usefulness will have been largely spent.

For the time being, however, we see these values in the program, aside from market-development features, which we have already mentioned.

1. It puts United States surplus farm commodities to good use in assisting underdeveloped countries to develop projects which employ people, build buying power, and add stability to the recipient nation's economy.

2. To the extent that United States surpluses are disposed of, the surplus problem here at home is eased.

3. Increasing normal trade for dollars over the years, through private trade channels, is one of the more basic values that we will realize from this program.

4. Public Law 480 will unquestionably tend to make the foreign currencies involved somewhat more convertible.

5. To the extent that Public Law 480 counterpart funds are used by our Government where dollars would otherwise be used, we are thereby spending troublesome surpluses rather than dollars.

6. This program can and will contribute materially to the furtherance of global United States political relations in addition to economic motives.

7. Stockpiling of strategic materials resulting from Public Law 480 program is an important outgrowth of the program.

Getting back to the market development feature of the program, we feel also that your committee and the Congress will want to consider again seriously emphasizing the "market development" features of the program in such a way as to dispel any doubt on the part of the administrators of the act of the intent of Congress.

The Grange, furthermore, strongly concurs in the position of the Congress as heretofore expressed through the reports of both the Senate and the House Committees on Agriculture relating to Public Law 480 and in the report of the conferees dealing with the bill concerning the sale for foreign currencies of plentiful farm commodities or products not under price support or in the hands of the Commodity Credit Corporation.

For instance, in the report of the Committee on Agriculture of the House last year, it was stated: "To effectively stimulate and facilitate foreign trade in these commodities and products, and to further the policy of Congress as declared by section 2 of the act, necessitates full recognition by the Secretary of Agriculture and other administrative officials of the intent of Congress to make any surplus agricultural commodity as defined in the act eligible for sale under the authority of the act, whether or not the Commodity Credit Corporation owns or has acquired stocks of such commodities under price-support programs."

The committee further admonished the Secretary that "substantial market potential exists in many countries of the world for our surplus agricultural commodities which are not under price support or which are not acquired by the Commodity Credit Corporation, and every effort should be made by the Secretary to utilize the authority of this act to assist in the development of markets for any surplus agricultural commodity and its products and to authorize the sale thereof whenever a market potential exists or appears to exist."

The report of the Senate Committee on Agriculture and Forestry, in extending Public Law 480 last year, reiterated its previous position on this matter through a colloquy between the then Assistant Secretary of Agriculture, Earl Butz, and Senator Holland to the effect that the fruit industry representing a non-supported commodity, or any other similar agricultural commodity, should not be penalized simply because it does not ask for price supports and has not permitted its products to get into Government hands or to be supported by loans.

The conferees committee dealing with the extension of Public Law 480 last year declared it to be the intent of Congress "that all surplus agricultural commodities, regardless of the kind, will be made available for sale under the act without the imposition of conditions which would prevent or tend to interfere with their sale. Rather than in any way seek to discourage or impede sales of surplus commodities, their sale should be emphasized, if it appears that by such sale under this act, a future market for dollars in the regular course of international trade may be established for such commodities."

Respectfully yours,

HERSCHEL D. NEWSOM, *Master.*

AMERICAN SOYBEAN ASSOCIATION,  
*Hudson, Iowa, May 7, 1958.*

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives,  
House Office Building, Washington, D. C.*

DEAR CONGRESSMAN COOLEY: I note that hearings are being held this week on bills to extend Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954). Soybeans are not on the list of commodities available for sale under Public Law 480, but the American Soybean Association hereby requests that we be placed on record as strongly endorsing the continuation of Public Law 480 and the expansion of it during the next 2 years. Soybean oil, along with cottonseed oil and other fats and oils, have been available for sale under Public Law 480, and rather large quantities of them have been moved into countries which otherwise could not have purchased these commodities. This movement has been of material value to our industry, and we hereby request continuation of the law for another 2 years.

It is my understanding that you have a large number of spokesmen for organizations who are going to testify in favor of this bill. On that basis we will not request time before your committee, but we do ask that you record us as being strongly in favor of continuation of Public Law 480.

We would like to call to the attention of the members of the committee the urgency of passage of this bill at an early date, so that the benefits from it can show up in returns to the farmer during the harvest season of 1958. Last year the bill was passed so late that by the time the negotiations had been completed and sales made practically all commodities had passed out of the hands of producers, and thus any price gain accumulated through the actions of this bill was not passed on to the farmer but was merely relayed to the processors and handlers of the commodities. It is extremely important that the bill be passed at an early date, in order that the negotiations for sales may continue on an uninterrupted basis, and thus the returns from the bill transmitted back to the farm level. We do seriously urge your early attention to this bill.

Very truly yours,

GEO. M. STRAYER,  
*Executive Vice President and Secretary-Treasurer.*

MARYLAND FARM BUREAU, INC.,  
*Baltimore, Md., May 8, 1958.*

HON. HAROLD D. COOLEY,  
*Chairman, House Agriculture Committee,  
House Office Building, Washington, D. C.*

DEAR CONGRESSMAN COOLEY: I am writing you in support of S. 3420 which is an extension of Public Law 480. I endorse this as passed by the Senate with the exception of the provision to make cotton manufactured goods eligible.

Public Law 480 has been most helpful in expanding farm markets abroad and we urge that it be continued on a sound basis.

Thank you for your consideration of our wishes.

Sincerely,

C. E. WISE, JR., *Secretary-Treasurer.*



MONK-HENDERSON TOBACCO CO., INC.,  
Wendell, N. C., May 8, 1958.

HON. HAROLD D. COOLEY,  
*Chairman, House Agricultural Committee,  
House of Representatives, Washington, D. C.*

DEAR MR. CHAIRMAN: Our firm has been in business over 40 years exporting flue-cured and other United States tobaccos to countries in all areas of the world.

You know the importance of the export markets to the flue-cured tobacco producers and we would like to take this opportunity of impressing upon you the growing need for actions on the part of the Government to assist in every way possible in the maintenance of this export market. We would like to strongly urge your committee to do everything possible to encourage the development of a program which will encourage the barter of United States tobacco for raw materials in foreign countries. For the last 4 or 5 years we have become more and more concerned regarding the difficulties that are arising in the sales of our tobaccos abroad. We feel it has now reached the stage that unless something is done we will lose a substantial part of our markets abroad in the very near future. Bartering is one of the ways that will permit us to sell more tobacco.

Every other country is bartering and using other ways and means, including strong governmental support, to sell tobaccos in competition with our tobaccos.

Therefore we feel we cannot urge your committee too strongly to take affirmative action on the barter and Public Law 480 programs. We respectfully request that your committee do everything possible to help in forestalling the loss of these markets.

Sincerely yours,

J. J. HENDERSON, Sr., *President.*

WASHINGTON, D. C., May 8, 1958.

HON. HAROLD D. COOLEY, M. C.,  
*House of Representatives,  
Washington, D. C.*

DEAR MR. CHAIRMAN: The Tennessee Products & Chemical Corp., of Nashville has asked me to tell you of its interest in the barter provisions of Public Law 480 which your committee is now studying.

We are processors of various ferroalloys and in the past actively processed strategic ores which were obtained in exchange for surplus agricultural commodities.

We are informed by our brokers, who are expert in the matter, that the barter provisions by giving them greater flexibility, have actually aided cash sales of surpluses.

In any event I felt that you would like to know that a substantial southern enterprise has found the barter program valuable and would like to see it continued in as effective way as possible.

With best personal regards,

Sincerely,

CHARLES ALLDREDGE.

TEXAS MINE, MILL AND SMELTER WORKERS UNION,  
I. U. M. M. & S. W. (C. I. O.),  
LOCAL No. 412,  
Laredo, Tex., May 8, 1958.

HON. JOE M. KILGORE,  
*Representative, 15th Congressional District,  
House Office Building, Washington, D. C.*

DEAR HONORABLE MR. KILGORE: Thank you for your letters of April 28 and May 1, telling us of the bill which will be studied in the Agriculture Department.

We wish you to know that, although 45 of us are working now, in about 2 weeks time, we shall be without work again. Last year, there were 100 of us working all year long. In January, February, and half of March of this year, we did not work at all. Therefore, we are in a critical situation.

Is it not possible to arrange at this time for exchange of wheat for antimony metal made in this smelter at Laredo, with ores that come from Mexico? That would make possible steady employment for more of us than are now working part time.

Although we are not sure we understand the copies of the bills you sent us, it would appear that Senate bill 3420 would not help our situation as it would not permit antimony to be made in the United States for barter contracts.

Respectfully yours,

ROSENDO R. RODRIGUEZ,  
*President.*  
JOSE MA. GALLEGOS,  
*Secretary-Treasurer.*

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LAREDO CHAMBER OF COMMERCE,  
*Laredo, Tex., May 6, 1958.*

HON. JOE M. KILGORE,  
*United States House of Representatives, Washington, D. C.*

DEAR CONGRESSMAN KILGORE: We have been considering the information which you sent in your letters of March 28 and April 10 with respect to the operation of the antimony smelter in Laredo.

According to our understanding of the Department of Agriculture's position, two factors are present which make difficult the granting of new contracts under barter stockpiling authorization. Those two factors—which arose as of May 28, 1957—appeared in the Department of Agriculture's press release. In order to qualify for further contracts, the metal must be (1) processed in a foreign country, and (2) be exchanged for goods which would be considered additional for the country or area involved.

Under standards laid down in the press release of December 24, 1957, it is noted that Mexico, insofar as wheat is concerned, is in group 1, and, therefore, it is not necessary that the agricultural commodities be certified to be additional. Therefore, should a contract be written for the exchange of wheat, the second of the factors mentioned above would be met.

With respect to the first factor, according to the testimony given to the Ellender committee, as published in Report No. 1357 for the 2d session of the 85th Congress, the requirement for the processing of the metal in a foreign country was added by the Secretary of Agriculture in May 1957, with no change in the present law, in an effort to meet the requirements of the provisions for the protection of the funds and assets of CCC. The result has been, according to the same testimony, that the volume in barter contracts has dropped to zero.

Although we do not wish to press this matter unduly, yet it occurs to us that possibly, in view of the fact that surplus staples—such as grains—are beginning to mount up in the United States warehouses, requiring special cost for warehouses, and running the risk of deterioration, the Secretary of Agriculture would decide it would be to the best interests of the CCC to review that position and undertake, where possible, to exchange those agricultural commodities for such as antimony metal. It might be deemed to the best interests of the country to waive that requirement for foreign processing in order to move some of the perishable cereals.

We are most interested in hearing the results of your discussion with the official of National Lead Co.

Senate bill 3420 would not seem to help the situation, insofar as the Laredo smelter is concerned. House bill 10487 would be very helpful as it would provide specific authorization for domestic processing of the foreign materials.

Yours sincerely,

CARLTON C. WHITWORTH,  
*Chairman, Industrial Development Committee.*

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NATIONAL LEAD CO.,  
*New York, N. Y., April 24, 1958.*

HON. JOE M. KILGORE,  
*Member of Congress,*  
*Washington, D. C.*

MY DEAR CONGRESSMAN: As promised during my visit to your office with Mr. M. P. Hottel, manager of our Washington office, in response to your request for information as to what steps are required to get our Texas mining and smelting



division plant in Laredo, Tex. back in full operation, we have prepared this statement to outline for you the current situation at Laredo.

For several years prior to December 1957, we operated our Texas mining and smelting division plant at Laredo fairly continuously, producing antimony, most of which was disposed of through barter with the United States Department of Agriculture in exchange for surplus agricultural commodities for export to friendly nations. In bartering this metal we discounted the published domestic antimony price and out of the reduced price paid a brokerage fee to the grain broker who arranged the sale and export of the agricultural commodities.

We completed our last antimony barter contract with the Department of Agriculture, Commodity Stabilization Service, last January, and because we were not able to negotiate a new barter contract we were forced at that time to drastically curtail operations. Unfortunately, present regulations make it impossible for us to obtain a new contract because the antimony metal produced at our Laredo smelter from Mexican ores is no longer eligible for barter since it is domestically processed. Moreover, we cannot currently produce antimony at Laredo at a cost which enables us to sell it in competition with imported antimony, despite a 2 cent per pound import duty. We can operate presently only spasmodically on a reduced scale.

In April 1957, the Department of Agriculture suspended barter operations and on May 28, 1957, issued a new set of regulations governing barter (copy attached). Very simply these regulations provided:

1. Contractor must satisfy Commodity Credit Corporation that a proposed barter transaction will mean a net increase in United States exports of the agricultural commodity involved.
2. Exports to some countries automatically satisfy regulation 1, but exports to other countries must be proved to mean a net increase.
3. A barter proposal must contain specific designation of the agricultural commodity involved.
4. Interest is charged on the value of agricultural commodities delivered in advance of delivery of material to CCC.
5. Contractors must satisfy CCC agricultural commodities will not be transshipped from the approved countries of destination.
6. Materials delivered under barter contracts may not be produced or processed in the United States.
7. Country of origin of the materials to be delivered to CCC must be specified.

Requirements 1 through 5 above restrict the freedom of the commodity broker in disposing of the agricultural products and due to the great risks involved make it necessary for him to charge a higher percentage fee for handling the export sale. This makes barter more expensive, as far as we are concerned, and merely raises the minimum price at which we can afford to barter. Requirement 7 is easy to comply with.

Most important is requirement 6 (above) which makes our antimony ineligible for barter, because it is processed in the United States even though the ores are mined in Mexico. More than half of the cost, however, is incurred in Mexico in the production and transportation of the ore to Laredo.

On December 24, 1957, the Department of Agriculture made a few changes in the requirements, but restated "Materials delivered under barter contracts may not be produced or processed in the United States." This is the stumbling block to negotiation of a new contract that would enable us to set up our Laredo, Tex., operations and put our people back to work. We presume that it is better for the Government to hold in stockpile metals which will not spoil or deteriorate rather than agricultural commodities which are more perishable and expensive to store and rotate.

S. 3420, a bill to extend and amend the Agricultural Trade Development and Assistance Act of 1954 as originally introduced, contained several provisions which would have required the expansion of the barter program. One clause provided "No material shall be excluded from barter or exchange transactions under this section by reason of the fact that it has been domestically processed (from either foreign or domestic raw materials), if provision is made for the importation of an equivalent amount of similar raw materials of foreign origin." Most of the favorable barter provisions, however (including the domestically process clause) were eliminated from the bill before it was reported out of the Senate Finance Committee. (Amendment on the floor took it out.)

We very much appreciate your interest in the welfare of our employees at Laredo. If the restriction on the bartering of materials processed in the United States can be lifted, we would then be eligible to make a barter contract. We

understand that the United States Department of Agriculture if they so desire, could waive or eliminate requirement 6, without any legislative action, to make the antimony produced at our Laredo smelter eligible for barter. This would reactivate our Laredo operations, help relations with Mexico and move more surplus agricultural commodities. We feel the first and last would most assuredly contribute in some measure to the increased business activity of our country.

If any further information would be helpful, please let us know.

Respectively yours,

R. A. PUTNEY,  
*Assistant to Manager, Metal Department.*

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TEXAS MINE, MILL AND SMELTER WORKERS UNION,  
I. U. M. M. AND S. W. (C. I. O.),  
LOCAL No. 412,  
Laredo, Tex., March 31, 1958.

Mr. JOE M. KILGORE,  
*Representative 15th Congressional District,  
House Office Building, Washington, D. C.*

DEAR MR. KILGORE: We make reference to an article published in the magazine Mining Congress Journal, February 1958, an extract as follows:

Antimony: The only domestic supply of antimony is a small amount which has to be separated from silver-antimony ores of the Sunshine mine in Idaho as a by-product. Ninety-five percent of our requirements of antimony are imported from Mexico, Bolivia, and South Africa. Two-thirds of this comes overseas and would not be available in times of emergency. Tariff protection on antimony is in the neighborhood of 5 percent on metal and the ore has none.

"The Federal long-range program says no special program is justified for antimony. It is most amusing to note that Chinese antimony and Russian antimony are now invading the market at cut-rate prices, and there is every possibility that they will force the price down to such levels that not even Mexico, Bolivia, nor South Africa can compete, we will then be entirely dependent on Iron Curtain countries for our antimony. Under present Government policies there is absolutely no future for the antimony industry in the United States."

We are urging President Eisenhower, Senators, to support measures to alleviate the present situation.

Very truly yours,

ROSENDO R. RODRIGUEZ,  
*President.*  
JOSE CAZARES,  
*Vice President.*  
JOSE MA. GALLEGOS,  
*Secretary-Treasurer.*  
ABEL VILLARREAL,  
*Recording Secretary.*

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LAREDO CHAMBER OF COMMERCE,  
Laredo, Tex., April 16, 1958.

HON. JOE M. KILGORE,  
*House of Representatives,  
Washington, D. C.*

DEAR CONGRESSMAN KILGORE: I want to express my sincere appreciation for the interest that you have obviously shown concerning the need for reopening the antimony smelter at Laredo, Tex. I know that you receive many such requests every day, and you are to be commended on the manner in which you handle them in such a personal manner.

We would be very interested in seeking the House pass H. R. 10487 by Mr. Cooley which would extend and expand the operations of the Agricultural Trade Development and Assistance Act of 1954. Possibly at that time an agreement could be arrived at with the Senate to revise S. 3420 to take care of the situation here in Laredo.



Again let me thank you for your prompt replies, and I will appreciate your keeping me informed concerning the situation.

Sincerely yours,

CARLTON C. WHITWORTH,  
*Chairman, Industrial Development Committee.*

P. S.—More than half of cost of production at Laredo is in mining in Mexico and in transportation in Mexico.

LAREDO CHAMBER OF COMMERCE,  
*Laredo, Tex., March 19, 1958.*

HON. JOE M. KILGORE,  
*House of Representatives,*  
*Washington, D. C.*

DEAR CONGRESSMAN KILGORE: One of the principal industries of Laredo is the National Lead Co.'s smelter which works on antimony ores received from Mexico. During 1957 the plant worked steadily, employing approximately 120 people, including the salaried personnel. To date, in 1958, the plant has not operated, and there have been major layoffs of salaried personnel and complete suspension of the general plant personnel. We understand that during January and February an average of 12 people were employed.

The plant has not yet started, although we understand it will start this week, but it is believed it will employ a total of some 53 men for irregular periods, not exceeding 9 weeks at a time. Those irregular periods of employment will be followed by 4 to 6 weeks when the plant will be down again. Unofficially, we understand that it will be operating at less than 20 percent capacity.

We have been informed that operations during 1956 and 1957 were made possible through several contracts signed with the Commodity Credit Corporation, providing for purchase and stockpiling of the antimony metal, and delivery of wheat in exchange for sale to Mexico.

Foreign antimony metal is being sold for 22 to 24 cents a pound, duty paid, New York, and it is our understanding that that metal is coming from European sources, possibly manufactured from South African and Bolivian ores, or may in some cases represent metal from Chinese sources being recast in Europe. Whatever the source of the metal, the smelter is unable to compete with those prices and is forced to limit its production.

Inasmuch as the United States has a surplus of agricultural commodities, and Mexico has to import corn and wheat to make up its crop deficiency, it would seem reasonable for the Government to enter into an additional contract with the smelter providing for the exchange of antimony metal, which will not deteriorate, in place of the agricultural commodities which will. From the viewpoint of Laredo and the welfare of those who have normally made a living as a result of that operation, this would seem essential.

May we suggest that everything be done to investigate the possibilities of another contract which will, for the time being at least, ameliorate the situation?

For your information, antimony has been defined as a strategic metal as the United States is not self-sufficient in that metal, and is dependent upon foreign supplies. Therefore, the inclusion of that metal in the stockpile will be beneficial insofar as the strategic position of the United States is concerned.

Yours very truly,

CARLTON C. WHITWORTH,  
*Chairman, Industrial Development Committee.*

CHIPPEWA FALLS, WIS., May 7, 1958.

CONGRESSMAN HAROLD COOLEY,  
*House Office Building,*  
*Washington, D. C.*

Wisconsin Farmers Union strongly urges Congress to extend Public Law 480 for 2 years with \$3 billion authorization. Abundance of American farm products should be vital part of United States foreign policy planning, and should be taken off the backs of American farmers. Food for peace program, as part of foreign aid under State Department rather than Agriculture Department, can be best weapon United States has in competition with Soviet leader Khrushchev.

shchev's expanding economic warfare. Soviets have food shortages; we have surpluses. Let's help our farmers while also striking blow for United States leadership in the non-Communist world. These efficient American farmers have provided the free world with its most valuable asset. Don't abuse that abundance; use it—to put food in stomachs of two-thirds of world going to bed hungry each night, and to help American prestige in world's underdeveloped areas. Farmers Union greatly satisfied with success of program in 4-year history, but feels it needs expansion under direction of peace food administrator at White House level.

KENNETH HONES,  
*President, Wisconsin Farmers Union.*

NEW YORK, N. Y.

HON. HAROLD D. COOLEY,  
*Chairman, House Agriculture Committee,*  
*Washington, D. C.*

Our company is greatly interested in the passage of the barter aspects of H. R. 10487, since it would undoubtedly increase foreign trade and would therefore help American Flag shipping lines during this period of depressed freight markets.

JAMES A. FARRELL, JR.,  
*President, Farrell Lines.*

The CHAIRMAN. Our next witness is Mr. Bart Van Berg, vice president, Rough Diamond Co., Inc., of New York.  
You have a prepared statement.

**STATEMENT OF BART VAN BERG, VICE PRESIDENT, ROUGH  
DIAMOND CO., INC., NEW YORK, N. Y.**

Mr. VAN BERG. Yes, sir; I do.

The CHAIRMAN. Please file it for the record and give us orally a statement that will be brief and to the point?

Mr. VAN BERG. All right, Mr. Chairman.

Let me begin by saying that we are wholly in favor of the extension of Public Law 480.

Our firm is in the industrial diamond business and these diamonds are 100 percent imported.

For the sake of time, I would like to say that we would recommend legislation that would direct the Secretary (1) not to limit the countries of the free world to which commodities obtained through barter can be sold; (2) to resume barter at a reasonably high level; and (3) to permit domestic industries to participate in the program.

Our statistical department has prepared a chart in the back of our statement. The basic data comes from the Foreign Agricultural Service of the United States Department of Agriculture.

This data shows that whereas total exports for the fiscal year ending June 30, 1957, were 35 percent above total export the previous year, the percentage of barter exports for 1957 was 8.5 percent of the total exports, which was the same ratio, 8.5 percent of the total exports in the 1956 fiscal year.

Also, that while the total exports to hard currency markets in 1957 increased 25.3 percent, barter exports to the same markets actually declined from 15 percent to 12 percent of the total exports; and that the percentage of barter exports to hard currency markets declined from 79 percent of the total in 1956 to 57 percent in 1957.



Those are the first three points that the chart shows. Fourth, that the percentage of barter exports to soft currency markets increased from 21 percent in 1956 to 43 percent of the total barter exports in 1957.

Five, that barter exports in the year 1957 to soft currency markets increased by 180 percent over the previous year.

We feel the foregoing is a substantial reason to reverse the position on barter and reactivate the program.

That is all, Mr. Chairman, and thank you.

The CHAIRMAN. Thank you, sir, for your statement. Your prepared statement will be inserted in the record at this point.

(The statement referred to is as follows:)

STATEMENT OF BART VAN BERG, VICE PRESIDENT, ROUGH DIAMOND CO., INC.,  
NEW YORK, N. Y.

My name is Bart van Berg. I am vice president of the Rough Diamond Co., Inc., of New York. I have been a diamond importer all of my business life. My father is still active in the business today and my grandfather before him was in the same business.

I appreciate this opportunity to appear before the Committee on Agriculture and Forestry to express my company's views concerning the barter program. Recently, we appeared before a similar committee in the United States Senate where we gave our wholehearted endorsement to the program. At that time, we expressed the opinion that the administrators of the program had the necessary experience; that the program was making a valuable contribution toward the solution of the agricultural surplus problem.

#### HISTORY OF BARTER

Barter is based on the theory that it is in the national interest to exchange agricultural surplus commodities owned by CCC for strategic and other raw materials of which this country is not economically self-sufficient.

Barter activity increased after the Materials Policy Commission, headed by William S. Paley, chairman, Columbia Broadcasting System, recommended to the President the expanded stockpiling of strategic and other raw material supplies. Later, in May 1955, the Annual Report on the Mutual Security Program emphasized the dependence of the United States, with its great economic resources, upon foreign countries for strategic and other materials essential to our military strength and economic well-being. Among those listed, and the percent of each material which we must import are bauxite, 67 percent; natural rubber, 100 percent; tin, 100 percent; manganese, 95 percent; chromite, 99 percent; tungsten, 72 percent; antimony, 85 percent; industrial diamonds, 100 percent; platinum, 90 percent; mercury, 85 percent; and cobalt, 92 percent.

Sandwiched between these two reports was the Hoover Commission report which reemphasizes the interdependence of free nations upon each other for commodities essential to military strength and economic well-being.

Thereafter, the 44th National Foreign Trade Convention, which met in New York in November 1957, in a final declaration of its recommendations looking to the formulation and implementation of United States foreign economic policy, declared under article IX, its policy to be as follows:

#### "ASSURANCE OF STRATEGIC AND OTHER RAW MATERIAL SUPPLIES

"The United States is looking increasingly to foreign lands for the strategic and other raw materials necessary to meet the needs of our national defense and the peacetime requirements of our economy. This country does not possess unlimited resources, nor is it economically self-sufficient. The reserves of many of our raw material resources have been depleted, and there are many other raw materials essential to our industrial strength and our national security which we do not produce at all.

"The convention believes that a fundamental aim of United States foreign policy should be to assist other free nations in maintaining their freedom and, in the process, to help ensure that strategic and other essential raw material

resources in these countries are preserved for the use of the nations of the free world.

"The first requisite to the availability of raw materials needed for the defense and economic well-being of the free world is the assurance of access to the sources from which these materials come. Of equal importance are the provision of opportunity for their development, and the holding open of the lines of communication by which they reach their destination.

"The convention stresses the need for the United States and other free nations to pursue policies designed to encourage the development of available existing raw material resources and to intensify the discovery and development of new sources in free world areas, to the end that adequate raw material supplies to meet the defense and civilian requirements of the free world may be assured. The convention further emphasizes the necessity for the avoidance by the United States Government of trade policies which make the entry of essential raw materials into the United States market more difficult or costly."

Still later, in January 1958, the Special Stockpile Advisory Committee to the Office of Defense Mobilization, headed by Holman D. Pettibone, as Chairman, and having such outstanding Americans as Dr. Earl Butz, former Assistant Secretary of Agriculture, Adm. Arthur Radford, Gen. Walter Bedell Smith, and others, made the following recommendations in regard to the supplemental stockpile created by Public Law 480:

"With respect to the supplemental stockpile created by the Agricultural Trade Development and Assistance Act of 1954, as amended, the committee concurs in the existing practice of acquiring metals and minerals, beyond the quantities considered essential for defense purposes, when they can be obtained in exchange for United States stock of agricultural surpluses. However, the Commodity Credit Corporation's request for appropriations to cover such transactions should not be designated as applicable to a defense activity.

"Instead of following rigid formulas the Committee recommends that quantities of material suitable for inclusion in the supplemental stockpile be judged on a transaction-by-transaction basis. Consideration should also be given to acquiring survival and relief items in exchange for agricultural surpluses."

Legislative authority for barter procurement includes the CCC Charter Act of 1948, as amended in 1949; the Agricultural Act of 1949; the Agricultural Act of 1954; the Agricultural Trade Development and Assistance Act of 1954, title 3; and the Agricultural Act of 1956. The purpose of each of these successive congressional actions was to strengthen and expand the barter program.

Thus, we find outstanding study groups; Government agencies concerned with the Nation's security program; the National Foreign Trade Council; the Pettibone committee, comprised of outstanding Americans specifically chosen to study the policy; and each successive Congress since 1949, all in agreement that it is in the best interest of the United States to stockpile strategic and other materials and, more significantly, that the specially chosen Stockpile Advisory Committee goes even further and recommends the acquisition of survival and relief items in exchange for agricultural surpluses.

In the face of the foregoing, the Department of Agriculture killed the barter program on May 28, 1957, by so restricting operations, thereunder, as to make it unworkable. Therefore, we fully subscribe to the need for legislation aimed at correcting the situation and recommend that the legislation direct the Secretary of Agriculture—

(1) Not to limit the countries of the free world to which commodities obtained through barter can be sold;

(2) To resume barter immediately at reasonably high levels; and

(3) To permit domestic industries to participate in the program.

With minor amendments to accomplish the above objectives, we are highly in favor of the H. R. 14087.

#### VIEWSON BARTER

Our views on barter differ materially from those expressed by the Secretary of Agriculture in his letter of March 11, 1958, addressed to the Honorable Allen J. Ellender, chairman, Senate Committee on Agriculture and Forestry.

We will not take the time of the committee to answer each of the points expressed by the Secretary, but do wish to answer certain obviously erroneous statements. For example, the Secretary takes a position that barter transactions do not result in a net gain in total agricultural exports and that barter sales were expanding in the hard-currency countries where dollar balances permit sales for cash. He makes the point that barter contractors had turned to the "easy barter"



by merely selling in the hard-currency areas, thereby displacing dollar sales which would otherwise have been made. He offers no proof for these contentions, merely states to the Congress that this situation was taking place.

Our statistical department has carefully studied the export trade statistics published by the Foreign Agricultural Service, a branch of the United States Department of Agriculture. These statistics compare exports of all agricultural commodities by countries of destination and by type of program (barter, title I, ICA, dollar sales, etc.) for the fiscal years ending June 30, 1956, and June 30, 1957. We have chosen them for analysis because they represent the periods mostly closely related to the Secretary's position, i. e., that the 1957 barter program resulted in barter contractors having tremendously increased their deliveries to the hard-currency countries, overlooking the more difficult marketing in soft-currency areas. These Department of Agriculture reports show (1) that barter was definitely supplementing, not displacing, cash sales; (2) that the trend was to increased barter with soft-currency markets and decreased barter to the hard-currency markets; and (3) that this situation existed at the time that CCC established its administrative rules on May 28, 1957, which practically eliminated all barter transactions.

Before making our analysis, we checked with the Chase Manhattan Bank, the National City Bank, and the Office of Business Economics, United States Department of Commerce, to make certain that our selection of the so-called hard-currency countries was accurate. They felt that our listing was most liberal since we also included, therein, those markets where only small discounts are required in order to convert the local currencies into dollars. Furthermore, the Office of Business Economics considers that the dollar-balances position of a country (used by CCC as a determining factor for discontinuing barter) is a dangerous criteria for arriving at the financial strength of the country. The Office of Business Economics believes that day-to-day dollar balances do not reflect the extent of dollar borrowings, or equally as important, dollar commitments against which those balances might be pledged.

To support our conclusions we have attached two graphs and a chart containing pertinent information taken from Reports Nos. 17 and 18, published by the Foreign Agricultural Service, United States Department of Agriculture.

These data show (1) that whereas total exports for the fiscal year ending June 30, 1957, were 35 percent above total exports of the previous year, the percentage of barter exports in 1957 was 8.5 percent of total exports which was the same ratio (8.5 percent) to total exports as in the 1956 fiscal year; (2) that while the total exports to hard-currency markets increased in 1957 by 25.3 percent, barter exports to the same markets actually declined from 15 to 12 percent of the total exports to hard-currency markets; (3) that the percentage of barter exports to hard-currency markets declined from 79 percent of the total in 1956 to 57 percent in 1957; (4) that the percentage of barter exports to soft-currency markets increased from 21 percent in 1956 to 43 percent of total barter exports in 1957; (5) that barter exports in the year 1957 to soft-currency markets increased by 180 percent over the previous year.

If the foregoing proof is not sufficient to cause the Secretary to reverse his position, we should like to illustrate how mistaken he was in denying barter exports to friendly countries on the basis that they are financially able to pay dollars. For example, he placed on the restricted barter list 32 of the 41 countries which have received commodities under the barter prior to May 31, 1957. The countries were placed on this list because the Secretary contended that they were financially able to pay dollars. In the President's Semiannual Report to Congress on Public Law 480, dated July 22, 1957, he listed 18 of these same countries as being the recipients of surplus commodities purchased for soft currency under title I. These 18 countries received \$1,734,700,000 (58½ percent) of the total of \$2,966,600,000 in soft currency sales prior to May 31, 1957. The President and spokesmen of the Department of Agriculture have continuously advised Congress that in order to make certain that soft currency transactions under title I are in addition to normal dollar sales, this Government requires the foreign governments to agree to maintain their normal dollar purchases. We make the point here that if the 18 countries have agreed to maintain their volume of dollar purchases under title I and have given assurances acceptable to the Secretary, he should recognize this and should not, thereafter, require a barter contractor to supply additional proof.

Secretary Benson's letter of March 11, 1958, to Senator Ellender states as one of his reasons for objecting to the proposed Senate amendment, that world prices of diamonds are maintained by cartel which controls diamond production and

that the new amendment would direct the Department of Agriculture to provide a home for surplus diamonds now in the hands of importers; it would also require the Department of Agriculture to assure the world cartels an outlet at world prices for an expansion of production up to whatever portion of the \$500 million limitation that they could get the Department to accept. The Secretary also belittled the fact that industrial diamonds are cited as an outstanding example of the type of material which can be stored at a cost substantially under the cost of storing agricultural commodities. If Mr. Benson had been fully aware of the facts, the following points should have been obvious:

*Fact No. 1.*—Diamond barterers were restricted to material within the United States in the inventory of the supplier which is in excess of his normal customer requirements. There is no reason to believe that the procurement policy on diamonds would be altered. Therefore, in the absence of such change, diamond producers could not be assured of an outlet at world prices for an expansion of production. The only possibility for arranging an expansion is where a long-term outlet would be provided for diamonds at a fixed price over a period of years.

*Fact No. 2.*—The United States now has approximately 15 million carats of industrial diamond stones in the stockpile. The General Services Administration recently entered into a storage contract under which these diamonds are stored in bank vaults in New York at a cost of \$1,500 per year. The equivalent value (\$100 million) of surplus commodities would cost CCC approximately \$11,500,000 per year to store. This indicates that in less than 10 years, the savings in storage costs alone would have permitted the Government to accumulate its stockpile of diamonds at no additional cost to the taxpayer.

*Fact No. 3.*—When the Secretary disparaged the stockpiling of diamonds he must have overlooked the report of the panel of industrial diamonds of the Materials Advisory Board, National Academy of Science. It shows that (1) The total world production of industrial diamonds for the years 1954 and 1955 was 34.3 million carats of which the United States imported 29 million carats. (2) Strategically, the location of natural diamond sources is far from ideal.

*Fact No. 4.*—The Government has under consideration recommendations of the National Academy of Science which call for (a) the purchase of man-made diamonds for the Government stockpile; (b) a long-term purchase agreement with General Electric Co., whether at a higher price than natural material or not; (c) Government financing of the manufacturing equipment and; (d) arrangements for rapid amortization of the manufacturing equipment costs. The recommendations state that the Government "cannot afford not to take action to encourage production substantially."

*Fact No. 5.*—The synthetic diamond grit has a maximum size of 60 mesh; because of its limited particle size it can only replace approximately 33 percent of the total diamond boart imports into the United States. Diamond boart imports for the years 1955 through 1957 totaled 21.6 million carats, representing 50 percent of the total industrial diamond imports.

Today's price of boart is \$2.80 per carat compared to \$3.48 per carat for the synthetic material.

*Fact No. 6.*—According to the New York Times of September 22, 1957, more than \$30 million in industrial diamonds annually have found their way behind the Iron Curtain to Russia during recent years. Furthermore, it is estimated, by reliable sources, that Russia is using over 6 million carats per year of industrial diamonds, and that this rate of usage is steadily increasing.

*Fact No. 7.*—Surplus diamonds in the hands of diamond importers are there because the Office of Defense Mobilization (1) encouraged the industrial diamond industry to purchase in anticipation of diamond barterers when ODM issued its Industry Guidance Statement No. 520 to the press on July 9, 1956, announcing its policy to undertake additional diamond barterers in the fiscal year ending June 30, 1957; (2) "pulled the rug from under the diamond industry" in the third quarter of the fiscal year when, on January 17, 1957 (1 week after the foregoing panel recommended the stockpiling of synthetic diamonds), it withdrew diamonds from the procurement directive without warning to the industry and despite the fact that no barter procurement had taken place thereunder.

We apologize for going into so much detail with regard to diamonds, because the diamond program is but a small part of the overall barter picture. We had not intended to do so, but when the Secretary used incorrect information on diamonds as one of the reasons for objecting to the barter program, we felt compelled to correct the situation.



We also disagree with the Secretary's position that barter exports of up to \$500 million annually "would not appreciably reduce CCC's inventory of agricultural commodities." Surely he must realize that dollar exports, soft currency exports, ICA, and Export-Import Bank financed exports, all may come from private commercial stocks, but every barter transaction results in a reduction of CCC inventories because, by law, each barter must involve the exchange of CCC-owned commodities for strategic and other materials.

The Secretary's statement that barters of \$500 million annually would not increase existing outlets has been refuted by departmental spokesmen who have supported barter operations for the past 9 years. Furthermore, statistics of the Department of Agriculture, FAS, as shown on Report No. 9, December 20, 1957, indicated that agricultural exports have increased from \$2,936 million in the fiscal year ending June 30, 1954, to \$3,144 million in 1955 fiscal year (first year under Public Law 480), to \$3,494 million in 1956 fiscal; and to \$4,724 million in 1957. This indicates that total exports have increased 60 percent since Public Law 480 was enacted. Furthermore, we do not agree with the Secretary that \$500 million in barter would not reduce storage costs of CCC.

Let us look at the facts. All critical and other material delivered to the Department of Agriculture under barter must be exchanged for CCC-owned commodities. The Department recently advised the Senate Agriculture Committee that about \$900 million in CCC-owned commodities had moved through the barter program at an annual savings in storage cost of \$106 million and that the strategic materials accepted in exchange cost approximately \$3.3 million to store. Perhaps the savings of more than \$100 million per year is no reduction to the Secretary, but as taxpayers, we can assure you that it is very real—not imaginary.

How can Secretary Benson state that removal of \$500 million surplus per annum from the inventories of CCC through barter "would not be of help to farmers or to our commodity inventory problem"?

The facts are that prior to June 30, 1956, only 46,000 bales of cotton had moved into export channels under the barter program and the total United States export of cotton during the 1955-56 fiscal year was 2,241,000 bales. In the 1956-57 fiscal year, barter contracts were signed covering in excess of 1,400,000 bales of cotton. On May 31, 1957, Earl L. Butz, the Assistant Secretary of Agriculture, advised the Senate Committee on Agriculture (see committee print dated June 7, 1957), regarding the sale of cotton for soft currencies—"Exports of cotton under Public Law 480 have been taken from the set-aside and the disappearance has been counteracted in figuring the support price. However, the set-aside is getting smaller and it is likely that any increased disappearance in the future would affect the support price. If exports next season under title I of Public Law 480 were to exceed the amount remaining in the set-aside (about 800,000 bales at this time), they would have a more significant effect on price support levels and on prices received by farmers for cotton."

The report then goes on to state that after 1957, the effects of exports under title I on support levels of cotton and rice would result in the strengthening of market prices as a result of reduced supplies due to exports under title I would tend to increase the parity price. Agreements under title I covered only 1,043,600 bales of cotton in 1956-57; whereas, barter contracts were signed covering 1,400,000 bales. Therefore, if the smaller figure involved in the soft currency transaction results in a higher price to farmers, certainly the larger amount exported under barter would have had a great, or even a greater effect on prices.

Next, let's take a look at wheat. For example, Mr. Butz stated: "It is estimated that the average price received by farmers for the 1956 crop of wheat will average 9 cents a bushel higher as a result of exports under title I of Public Law 480." Here again, your attention is directed to the fact the title I exports of wheat during the 1956-57 marketing year were 195,655,000 bushels; whereas, barter accounted for 86,500,000 bushels. Therefore, it could not possibly be correct to state that barter had no effect on prices to farmers and would not help commodity inventory problems, but that title I raised prices 9 cents a bushel and reduced wheat supplies.

Finally, we call your attention to Dr. Butz' statement with reference to corn and other feed grains, to the effect that the soft currency sales for export of barley and corn, together with a slightly higher level of support for the 1957 crop of corn, will probably increase corn prices around 1 cent and barley 1 to 2 cents per bushel. He advised that the sale of grain sorghum and oats under title I are too small to have significantly affected prices on these grains.

The facts are that the exports of corn for soft currencies under title I were 13,857,000 bushels, while the barter program accounted for the export of 45,904,000 bushels. If the title I exports of 13,857,000 bushels accounted for a 1 cent increase in the price of 1957 crop corn, surely the 45,900,000 bushels exported under barter should have had an even greater effect. Furthermore, the truth of the matter is that not a single bushel of grain sorghum was exported for soft currency under title I in the 1956-57 fiscal year; whereas barter accounted for the exportation of 22,282,000 bushels.

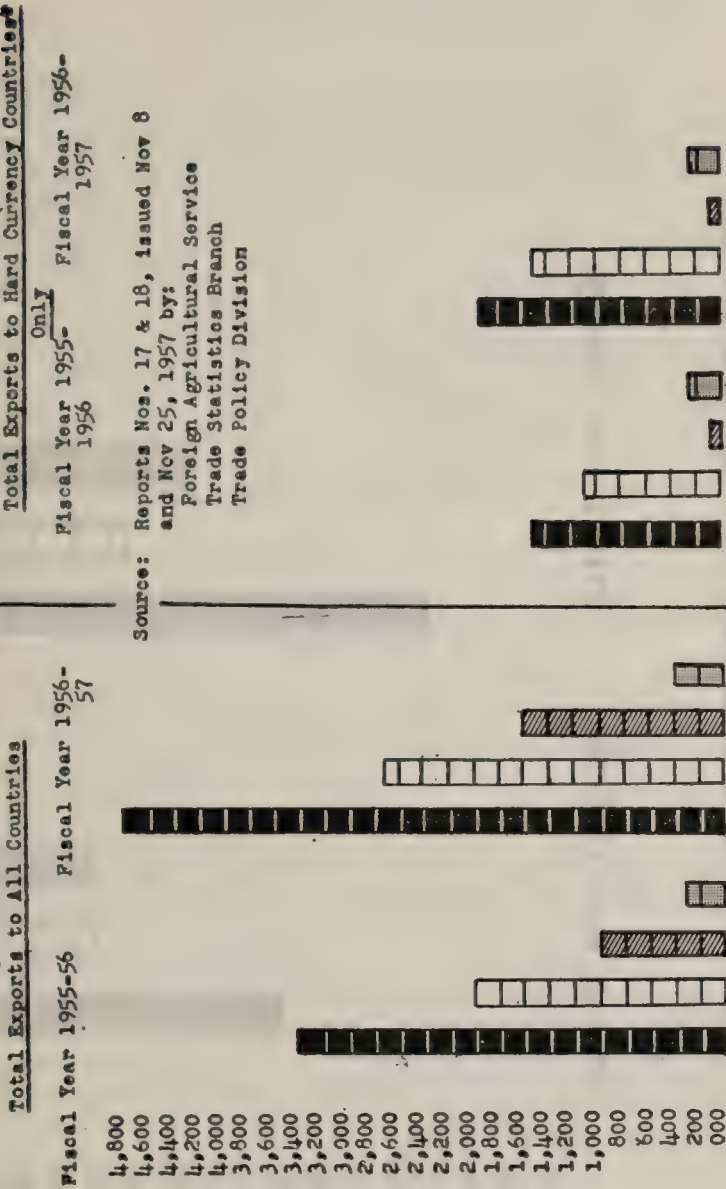
The difference for oats is almost as striking—955,000 bushels moved for soft currencies versus 18,941,000 by barter. The figures for barley are 20,292,000 bushels sold for soft currency versus 14,968,000 for barter. By this time it should be apparent to the committee that barter has been the best method of movement of cotton, as well as feed grain, available under any Government program.

The importance of this cannot be stressed too much when you consider that at the time Public Law 480 was enacted, cotton and feed grains, particularly corn, were the greatest disposal problems. How can the Secretary treat so lightly a program which disposed of \$100 million in feed grains per annum, and more than \$175 million in cotton during the period in which it was allowed to operate? Isn't he aware that prior to December 31, 1957, the \$3,343,200,000 in soft currency contracts which had been signed, had resulted in the export of only \$91.2 million in feed grains and \$349 million in cotton; that this \$440 million in export is equal to only 13 percent of the soft currency transaction entered into; that during the same period, only \$823.7 million in barter contracts were signed but accounted for more than \$500 million in exports of cotton and feed grains. This comparison is startling since the barter program is only one-fourth the size of the title I program.

In closing, we should like to reemphasize our recommendations that H. R. 10487 be enacted. I appreciate this opportunity you have given me to be heard and I will be pleased to answer any questions the committee cares to ask concerning my testimony.



UNITED STATES EXPORTS OF AGRICULTURE COMMODITIES - Fiscal Years 1955-56  
1956-57  
(Each line represent \$200 million)  
(In Millions of Dollars)



Source: Reports Nos. 17 & 18, issued Nov 8  
and Nov 25, 1957 by:  
Foreign Agricultural Service  
Trade Statistics Branch  
Trade Policy Division

\*Include: Great Britain, Northern Ireland,  
Ireland, Australia, Canada, Union S. Africa,  
Netherlands, Belgium, Luxembourg, Mexico,  
W. Germany, Norway, Sweden, Finland, Denmark,  
Austria, Switzerland, Cuba, Costa Rica,  
Guatemala, Venezuela, El Salvador, Panama.

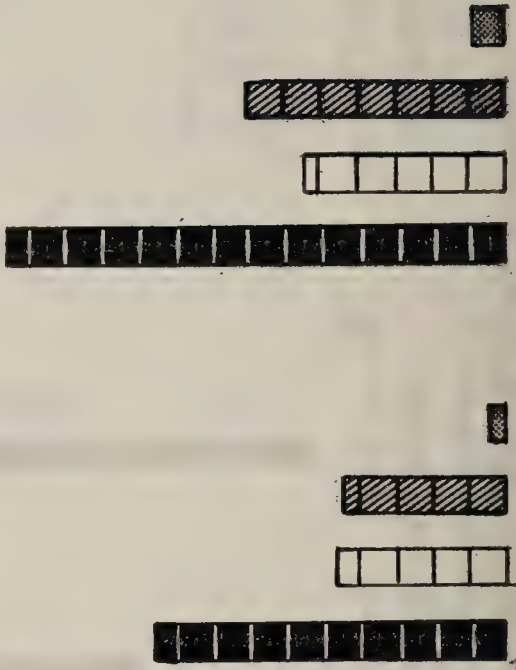
represents: Total Exports  
Non-Govt Dollar Exports  
Govt Exports Other than Barter  
Barter Exports

UNITED STATES EXPORTS OF AGRICULTURAL COMMODITIES  
Fiscal Years: 1955-56; 1956-57 (Cont'd)  
(In Millions of Dollars - each line represents \$200 million)

Total Exports to Soft Currency Countries Only

Fiscal Year 1955-56                      Fiscal Year 1956-57

3,200  
3,000  
2,800  
2,600  
2,400  
2,200  
2,000  
1,800  
1,600  
1,400  
1,200  
1,000  
800  
600  
400  
200  
000





*Barter exports compared to other Government and non-Government exports to hard currency materials and total exports of agricultural commodities, July 1955 to June 1957*

[In millions of dollars]

Foreign market	Fiscal year July 1955 to June 1956				Fiscal year July 1956 to June 1957			
	Barter	Other Government programs	Dollar sales, non-Government	Total agricultural exports	Barter	Other Government programs	Dollar sales, non-Government	Total agricultural exports
<b>Hard currency markets:</b>								
United Kingdom.....	78,811	71,456	244,473	394,740	77,620	54,739	366,345	498,344
Netherlands.....	53,684	4,048	193,463	251,195	49,143	749	209,377	259,269
Belgium and Luxembourg...	36,821	230	97,235	134,286	45,606	526	124,089	170,221
West Germany.....	34,226	43,925	192,082	270,233	39,585	35,041	372,632	447,258
Ireland.....	13,302	None	11,515	24,817	3,129	None	12,129	15,258
Mexico, Guatemala, Cuba, El Salvador, Costa Rica, Panama, Venezuela.....	10,196	4,779	271,670	286,645	4,952	10,295	302,186	317,433
Norway, Sweden, Denmark, Austria, Finland, Switzerland.....	10,654	36,347	144,977	191,978	11,936	38,050	189,428	239,414
<b>Total hard currency markets.....</b>	<b>237,874</b>	<b>160,785</b>	<b>1,155,415</b>	<b>1,554,074</b>	<b>231,971</b>	<b>139,040</b>	<b>1,576,186</b>	<b>1,947,197</b>
<b>Total soft currency markets.....</b>	<b>60,698</b>	<b>956,992</b>	<b>920,844</b>	<b>1,938,534</b>	<b>170,492</b>	<b>1,462,834</b>	<b>1,143,248</b>	<b>2,776,574</b>
<b>Total, all markets.....</b>	<b>298,572</b>	<b>1,117,777</b>	<b>2,076,259</b>	<b>3,492,608</b>	<b>402,463</b>	<b>1,601,874</b>	<b>2,719,434</b>	<b>4,723,771</b>

Source: Reports Nos. 17 and 18, dated Nov. 8 and 25, 1957, Department of Agriculture, Foreign Agricultural Service, Trade Statistics Branch, Trade Policy Division.

The CHAIRMAN. The next witness, I understand, is Mr. Hathorn.

**STATEMENT OF HERBERT C. HATHORN, ROUGH DIAMOND CO.,  
NEW YORK, N. Y.**

Mr. HATHORN. Mr. Chairman, my name is Herbert C. Hathorn, and I have worked with the Rough Diamond Co., as their representative here for several years.

I believe that maybe this might be the key to what this is all about. It is better, insofar as the Commodity Credit Corporation assets are concerned to make a transaction for soft currency than it would be to barter or to sell for dollars. The key lies in the President's Seventh Annual Report to Congress (H. Doc. No. 323), dated February 4, 1958. The report shows that from the beginning of the Public Law 480 program on July 10, 1954, through December 31, 1957, soft-currency sales agreements under title I have been signed with 35 countries.

The reimbursable cost to Commodity Credit Corporation of commodities included in these agreements is estimated at \$3,095,700,000. This includes the acquisition cost, storage processing and inland transportation within the United States. (See p. 4.) The United States Government received soft currencies valued at \$2,053.3 million, which is \$1,042.4 million less than CCC is reimbursed.

Now, if the same commodities are sold for dollars, Commodity Credit Corporation would receive not the acquisition cost but the market value and, therefore, they would incur a substantial book loss through the sale of commodities for dollars.

By the same token, if they bartered the commodities they would barter at the export market price of those commodities. Consequently, when they are reimbursed on transfer to the supplemental stockpile,

they are reimbursed at the export market price of the surplus commodities, or the acquisition cost of the strategic material, whichever is less. Thus, CCC receives 50 percent more dollars reimbursement under the soft-currency program—which protects CCC assets from a private bookkeeping standpoint—than the reimbursement they get if they deal in barter or dollar sales.

We have no further observations.

The CHAIRMAN. Thank you.

Mr. ANFUSO. Mr. Chairman.

The CHAIRMAN. Mr. Anfuso.

Mr. ANFUSO. Mr. Hathorn, I think you have made a very important statement which I am sure will be noted by this committee.

Mr. HATHORN. Thank you, Congressman Anfuso.

Mr. ANFUSO. Would you say that these barter transactions, that barter in rough diamonds is important for the domestic industry and will improve domestic industry? Is that correct?

Mr. HATHORN. Yes; it will.

Mr. ANFUSO. And it will also be an aid in the recession?

Mr. HATHORN. It would.

Mr. ANFUSO. Just one final question.

Do you believe that we ought to put language into the law to make sure we do barter?

Mr. HATHORN. I do, sir; yes.

Mr. ANFUSO. Thank you very much, sir, and thank you again for your fine statement.

Mr. HATHORN. Thank you.

The CHAIRMAN. Thank you very much.

The Bunge Corp., will file a statement, I understand.

Our next witness is Mr. James T. Towne, representing the Manufacturing Chemists' Association, Inc.

You have a prepared statement?

#### STATEMENT OF J. T. TOWNE, MANUFACTURING CHEMISTS' ASSOCIATION, INC.

Mr. TOWNE. Yes, sir.

The CHAIRMAN. You may proceed.

Mr. TOWNE. Mr. Chairman and members of the committee, my name is J. T. Towne. I am testifying on behalf of the Manufacturing Chemists' Association, Inc., whose membership includes manufacturers of ferroalloys and other metals used for alloying.

Our association has 171 member companies engaged in the manufacture and sale of chemicals, including the manufacture of alloying metals in electric furnaces, which is essentially a chemical process. These metals include manganese, chromium, tungsten, molybdenum, zirconium, and others which are used both in a pure state and in various combinations for alloying.

We support an extension of the Agricultural Trade Development and Assistance Act, and we are particularly concerned with the barter program authorized by that act. We believe that the bartering of United States agricultural surpluses for strategic materials not available in the United States, which deteriorates less rapidly than farm commodities, is a sound public policy, provided appropriate guidelines can be established and observed in carrying out such a barter



program. Specifically, we hope that Congress will incorporate into the law extending the Agricultural Trade Development and Assistance Act a statutory directive whereby foreign and domestic ores will be processed in the United States as a part of the barter program.

The barter program authorized by several agricultural acts and by section 303 of Public Law 480, 83d Congress, was actively and successfully pursued until it was substantially curtailed last year by administrative action of the Department of Agriculture. On May 28, 1957, the Department issued a directive which, among other things, prohibited the delivery under barter contracts of materials processed or produced in the United States. We respectfully urge congressional reversal of this administrative policy by directing the Department of Agriculture to engage in barter for strategic materials which are not available in this country in sufficient quantity to meet our industrial requirements, and by providing that domestic industrial plants be used for processing these materials.

#### BRIEF HISTORY OF BARTER POLICY

Public Law 480, which was enacted in 1953, in part states as follows:

SEC. 2. \* \* \* It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

There was nothing new in the Congress giving the Secretary of Agriculture authority to barter surplus agricultural commodities for strategic and other materials. Barter had been previously authorized by the Commodity Credit Corporation Act of 1948 and by the Agricultural Act of 1949, as amended. The language contained in the 1953 act, Public Law 480, restated in clear terms the criteria and directions for so-called barter transactions. Following the enactment of Public Law 480, the Department of Agriculture actively and successfully pursued a program of barter.

The current situation is that there have been changes in the administration of Public Law 480 which have drastically curtailed barter transactions. This happened despite the obvious intent of Congress, as specified in the act, that such transactions should be utilized to stimulate and facilitate expansion of foreign trade in agricultural commodities produced in the United States. The United States Department of Agriculture recently reported that barter contracts valued at \$12,700,000 were negotiated by the Commodity Credit Corporation under the revised barter program in the January-March 1958 quarter. This compares with barter contracts of \$104,722,000 for January-March 1957, and \$272,600,000 for the full fiscal year 1957.

#### ADVERSE RESULTS OF ADMINISTRATION TERMINATION OF THE BARTER PROGRAM

The Department of Agriculture, by directive of May 28, 1957, stated in effect that no materials processed or produced domestically would be considered eligible for barter.

On behalf of the members of our association engaged in the production of alloying metals, we are concerned by the fact that strategic materials which previously had eligible status under the barter program are no longer accorded favorable treatment. Domestic processors of these metals are now denied the opportunity to compete for whatever processing business may become available under the barter program. Only processing industries located in foreign countries are now permitted to participate in such processing. We believe that this administrative policy unfairly discriminates against domestic industry.

Apart from the inherent unfairness of discriminating against the agricultural segment of our economy, there are other unfortunate results from this administrative policy.

A substantial portion of the alloying metals consumed commercially in the United States are derived from foreign ores processed in the United States. At the present time, domestic ferroalloy plants are running considerably below capacity, and there is serious unemployment in the industry.

Domestic ferroalloy processing plants are highly important to national defense—the steel industry cannot operate without metals for alloying. The defense-readiness of these plants could be impaired by financial distress. By encouraging the processing of ferroalloys and nonferrous metals abroad under the barter program, an artificial stimulus is provided for increasing foreign processing capacity, which will create further economic imbalance in this industry and will haunt American processors in the future. With the present surplus of domestic plant capacity, labor, electric power, and transportation, ores could be processed into forms readily usable and stored as reserves for use in an emergency.

Under the current restrictions, the barter program designed to relieve the Commodity Credit Corporation of excess stocks of agricultural commodities now must either operate unfairly against another segment of the domestic economy—ferroalloy plants and workers—or not operate at all. The economic burdens—unemployment compensation payments, curtailment of taxable earnings, et cetera—stemming from the idleness of domestic metals processing plants which are foreclosed from the barter program, can and should be alleviated by legislative action.

For these reasons, we urge the amendment of section 303 of Public Law 480 in a manner which will permit the domestic ferro-alloy industry to continue its existence competitively both in the domestic and in world markets.

#### TEXT OF RECOMMENDED AMENDMENT

In order to carry out the foregoing, we recommend that section 303 of Public Law 480, 83d Congress, be amended to read as follows:

SEC. 303. The Secretary is directed, to the maximum extent practicable within the limit permitted by this section, to barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construc-



tion programs, or (d) the processing by domestic or foreign processors of raw materials whether of foreign or domestic origin. He is hereby directed to use every practical means, in cooperation with other Government agencies, to arrange and make, through private trade channels, such barter or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges: *Provided*, That the total volume of the transactions directed by this section shall not exceed \$500 million annually, unless specifically authorized by the Congress: *And provided further*, That no material shall be excluded from barter or exchange transactions under this section by reason of the fact that it may be domestically processed (from either domestic or foreign raw materials) if provision is made for the importation of an equivalent amount of similar raw materials of foreign origin. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. Strategic materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation, and other agencies of the Government, in purchasing such materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.

Also, we recommend that section 3 of H. R. 10487 be enacted.

The CHAIRMAN. We thank you very much for your statement. I notice you have some recommended language, which we will consider and also confer further with officials of the Department with regard to the matters you mention.

Mr. TOWNE. Thank you very much.

The CHAIRMAN. Any questions?

Mr. ANFUSO. Mr. Chairman.

The CHAIRMAN. Mr. Anfuso.

Mr. ANFUSO. Mr. Towne, I want to congratulate you on a very fine statement. I notice you are in favor of extending the program to processing in this country.

Mr. TOWNE. That is correct, sir.

Mr. ANFUSO. That would make for more employment in this country and would help the recession?

Mr. TOWNE. That is correct.

Mr. ANFUSO. By that you do not mean to restrict processing where necessary in foreign countries?

Mr. TOWNE. No, sir. We just want the opportunity to compete on equal terms.

Mr. ANFUSO. That is all. Thank you.

Mr. HAGEN. One question.

The CHAIRMAN. Mr. Hagen.

Mr. HAGEN. Is it not true that the steel industry objects to some degree to the conversion of ores, converting ores into ferro-ores?

Mr. TOWNE. I do not know.

Mr. HAGEN. You do not know?

Mr. TOWNE. No, sir; I do not know.

The CHAIRMAN. Thank you very much.

(The following letter and attachment are inserted in the record at this point:)

MANUFACTURING CHEMISTS' ASSOCIATION, INC.,  
Washington, D. C., June 8, 1958.

HON. HAROLD D. COOLEY,  
Chairman, Committee on Agriculture,  
House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: Supplementing my testimony before your committee on May 8, 1958, regarding proposed changes in section 303 of the Agricultural Trade Development and Assistance Act, Public Law 480, 83d Congress, I should like to call to your attention statistical information compiled by this association pointing out the current low level of domestic production of alloying metals.

During the first quarter of 1958, the nine companies from whom we have information operated at an average of approximately 43 percent of capacity. During the early months of 1958, a number of these companies were completing production to fulfill barter contracts which had been entered into many months previous. While we do not have complete information regarding the second quarter of 1958, the preliminary data indicate a level of production substantially below the first quarter. The ferroalloy industry is currently characterized by serious unemployment and inactive facilities.

This information demonstrates the importance of the statutory amendment urged by my testimony to insure participation by domestic producers of alloying metals in a continuation of the barter program.

We would appreciate your printing this letter together with the attached statistical summary in the committee's hearing record immediately following my testimony.

Sincerely,

JAMES T. TOWNE

*Plant capacity and employment of 9 noncaptive ferroalloy companies for producing chromium and manganese and products in which they are principal alloying elements*

KILOWATT-HOURS <sup>1</sup>

Year	Capacity	1st quarter		2d quarter		3d quarter		4th quarter	
		Per-cent	Amount	Per-cent	Amount	Per-cent	Amount	Per-cent	Amount
1956-----	1, 197, 540	79. 7	954, 339	80. 6	965, 226	72. 5	868, 067	82. 2	984, 243
1957-----	1, 214, 840	79. 9	970, 124	64. 4	782, 105	60. 0	723, 454	60. 1	729, 774
1958-----	1, 264, 661	43. 1	546, 568						

MAN-HOURS <sup>2</sup>

1956-----			4, 488, 154		4, 511, 789		4, 039, 405	100. 0	4, 738, 598
1957-----		94. 9	4, 494, 568	88. 0	4, 170, 176	77. 4	3, 666, 358	77. 2	3, 659, 230
1958-----		60. 0	2, 842, 044						

<sup>1</sup> The percentage figure shown is the operating rate to the capacity of the year in which the quarter falls.  
<sup>2</sup> Since the 4th quarter of 1956 is that quarter in which the greatest man-hour usage occurred, it was considered as a base or 100 percent. The percentages noted in each of the succeeding quarters is the relationship of that quarter to the base.

NOTE.—During the 1st quarter 1958, some members of the industry were concluding production and deliveries against Government barter contracts of long standing. The industry's operating rate for industrial consumption is estimated at below 40 percent. The 2d quarter 1958 rate indicates a further drop.

The CHAIRMAN. Our next witness is Mr. Hoyt Haddock, who represents the AFL-CIO Maritime Commission.

STATEMENT OF HOYT HADDOCK, AFL-CIO MARITIME COMMISSION

Mr. HADDOCK. Mr. Chairman, my name is Hoyt Haddock and I am the executive secretary of the AFL-CIO Maritime Commission.



First of all I want to thank you gentlemen for granting me the privilege of appearing here before you in support of the barter program.

Secondly, I want to apologize for not having a prepared statement which would go to the point much better than I could orally of showing what this means to employment. Our statisticians have not been able to get it to me in time for this hearing.

The CHAIRMAN. You are given permission now, without objection from any member of the committee, to file a statement at a later date.

Mr. HADDOCK. Thank you very kindly, Mr. Chairman. I had intended to make some extended remarks this morning but in view of the statements of yourself, and the rest of the committee members are in agreement with you, that barter should be extended, I do not want to take your time to do that; but we are in favor of it and——

The CHAIRMAN. If I may interrupt a moment. The members of this committee are pretty well convinced that the barter program has been a good program.

In this record, we are receiving statements and we consider those statements to be of importance. They will go into the printed record which will be read by all of the other Members of the House who are not on the committee, and also by Members of the Senate. I do not want to minimize their importance. They will be an affirmative part of the record.

The CHAIRMAN. Are there any questions?

Mr. ANFUSO. Mr. Chairman.

The CHAIRMAN. Mr. Anfuso.

Mr. ANFUSO. The barter program, Mr. Haddock, helps the entire maritime industry and it helps shipping and it helps employment, does it not?

Mr. HADDOCK. Not only the maritime industry, it helps practically every industry in the country.

Mr. ANFUSO. That is all; thank you.

The CHAIRMAN. Thank you very much.

Our next witness is Mr. George Goddard of the National Dried Bean Council. Is Mr. Goddard present?

Mr. GODDARD. I would like to talk just informally——

The CHAIRMAN. Pardon me. As you know, we are within a very few minutes of adjournment.

Mr. GODDARD. Well, then, in that case I would prefer to go over until tomorrow, if that is permissible or possible.

The CHAIRMAN. We could arrange to do that because we only have about four witnesses and so we will hear you tomorrow.

Mr. GODDARD. Good enough, sir.

The CHAIRMAN. The last witness on our list is Mr. Harry D. Koster, vice president of the Mercantile Metal & Ore Corp. of New York. I think that we have a statement by the Mercantile Metal & Ore Corp. If we do not, they may submit that later. At this point in the record I wish to insert the following statement of Hon. L. Mendel Rivers of South Carolina.

(The material referred to is as follows:)

STATEMENT OF HON. L. MENDEL RIVERS A REPRESENTATIVE IN CONGRESS FROM THE  
STATE OF SOUTH CAROLINA

Recently the members of the Manufacturing Chemists' Association who are manufacturers of ferroalloys and other alloying metals requested the House Committee on Agriculture to amend section 303 of the Agricultural Trade Development and Assistance Act, Public Law 480, 83d Congress, to overcome administrative regulations instituted by the Department of Agriculture on May 28, 1957. These regulations prevent American metals producers from participating in the program under which United States agricultural surpluses are bartered abroad for strategic metals and mineral ores. A recent example of the unfair discrimination against American processors under this administrative ruling demonstrates the importance of the legislation requested.

It is understood that the Commodity Credit Corporation, Department of Agriculture, recently entered into a contract to dispose of certain United States surplus agricultural commodities in exchange for 5,000 tons of Norwegian ferrochrome. It is also understood that the chromite, the ore from which ferrochrome metal is derived, is to be obtained from Turkey from mines, possibly owned by French nationals. The Turkish chromite will probably be transported to Norway where metal-processing equipment not now in use is to be reactivated and used for converting the chromite ore to ferrochrome. The ferrochrome will then be shipped to the United States and placed into the Government-owned supplemental stockpile of strategic and critical metals.

At the present time, there is serious unemployment resulting from partial idleness of more than a dozen plants in the United States. These plants badly need contracts for the conversion of ores into ferroalloys. Prior to the May 28, 1957, policy instituted by the Department of Agriculture, American ferroalloy producers could have solicited the business of converting chromite ores from Turkey under the barter program. However, the administrative decree of the Department of Agriculture has foreclosed American ferroalloy processors from any participation in such business. The principal use of metals such as ferrochrome and ferromanganese is as an alloy in the manufacture of steel. It is well known that the steel industry is running at only about 50 percent of capacity at the present time. Noncaptive producers of ferroalloys (distinguished from the ferroalloys produced by the steel companies for their own use) are operating at an average rate of less than 40 percent of capacity at the present time.

Since May 28, 1957, only one barter contract for the procurement of ferroalloys has been entered into. Thus, the discriminatory policy of the Department of Agriculture has been applied against American ferroalloy producers at a time of severe economic distress. The barter contract referred to above for the procurement of 5,000 tons of ferrochrome to be processed in Norway demonstrates the serious inequity of the Department of Agriculture's policy and illustrates the clear need for Congress to enact a statutory provision which will prevent the Department of Agriculture from continuing to treat American workers and ferroalloy producers in this unwarranted discriminatory manner.

The CHAIRMAN. The committee will now stand adjourned until 10 o'clock tomorrow morning.

(Whereupon the committee adjourned at 11:50 a. m. to reconvene Friday, May 9, 1958, at 10 a. m.)



## EXTEND PUBLIC LAW 480

### Agricultural Trade Development and Assistance Act of 1954

FRIDAY, MAY 9, 1958

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D. C.*

The committee reconvened, pursuant to adjournment, at 10:15 a. m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

Mr. George Goddard.

Mr. Goddard, will you come around, please?

Mr. DIXON. Mr. Chairman, before the witness starts, may I ask unanimous consent to place some data in the record?

First to insert in the record a statement by C. E. Schwab, Chairman of the Emergency Lead-Zinc Committee.

The CHAIRMAN. Is he for the bill or against it? If he is against the bill, we will have to discuss it a little bit.

Mr. DIXON. He is on the fence. [Laughter.]

Yesterday it was mentioned in the committee that possibly they were opposed. I want to make the record clear by inserting an official statement.

The CHAIRMAN. Without objection the statement will be accepted. (The document referred to is as follows:)

#### MEMORANDUM OF C. E. SCHWAB, CHAIRMAN, EMERGENCY LEAD-ZINC COMMITTEE

It has been called to our attention that H. R. 10487 extending the Agriculture Trade Development and Assistance Act of 1954 is before the House Agriculture Committee for consideration. Our interest in this legislation concerns section 303 of this act (Public Law 480, 83d Cong.) which relates to the barter or exchange of agricultural commodities for other materials.

During 1956 and for the first 5 months of 1957 barter transactions did absorb much of the excess foreign production of lead and zinc. The cessation of the program in May of 1957 gave rise to unprecedented imports of these two metals for industrial consumption. These imports broke the United States price to unprofitable levels, and the domestic mining industry took the full brunt of this action as many United States mines closed and thousands of employees were laid off beginning the middle of 1957. Thus our experience with barter has been anything but a satisfactory one, because it has not been administered as a long-range firm program. You will recall barter was (along with defense stockpiling) instituted by the President in August 1954 in lieu of accepting the unanimous Tariff Commission recommendations for maximum tariff relief.

We have no objection to extending or expanding the barter program. However, we must emphasize that we do not look upon this program as an answer to our problem caused by unneeded imports.

Admittedly, in conjunction with an adequate import excise tax or adequate tariffs and quotas, the barter program, could be of aid to the domestic lead-zinc

mining industry depending on the volume of the transactions. We would certainly need to be assured that any extension of section 303 to reinstate bartering in lead and zinc would be on a permanent long-range basis and not subject to administrative decisions which in the past have temporarily absorbed free world surpluses, stimulated foreign production and then, in turn when barter stopped, been responsible for excessive and unneeded imports which have wrecked the domestic lead-zinc mining industry. Therefore it is evident that the barter program could only be helpful to our lead-zinc industry as a supplemental measure and in no way an answer to our long-range problem. We cannot emphasize too strongly that any action on H. R. 10487 should in no way be regarded as a substitute for adequate lead-zinc import controls.

Mr. DIXON. Again, there was a discussion of the imports of lead and zinc in this barter program, and further, the statement that the amount of lead and zinc received by this country for barter is \$110 million, or 12½ percent of the total commodities received on the barter basis. Thank you.

The CHAIRMAN. Mr. Goddard, we shall be glad to hear you now.

#### STATEMENT OF GEORGE GODDARD, NATIONAL DRIED BEAN COUNCIL

Mr. GODDARD. Mr. Chairman and gentlemen, my name is George Goddard, and I am the Washington representative for the National Dried Bean Council, which consists of five regional associations—producers, processors, peelers, and shippers of dried beans.

Dried beans are produced in 14 States and rank, according to the Department's figures, 13th or 14th in cash returns to producers. We are a nonbasic commodity, with a rate currently supported of 68 percent parity.

As for myself, I am located in Washington, reporting on the food and agricultural activities of the Government, and serving as food consultant since 1940.

The council has been interested in the legislation, now known as Public Law 480 since its beginning. In fact, we had great hopes for it. We patiently tried to make use of it and, very frankly, gentlemen, it has been a failure so far as being applicable to our producers in our industry. We have come to this conclusion, that we think we know the reason why it has failed, and we would feel derelict in our obligation if we did not call it to the attention of the committee, even though we have in the past been silent on legislation that has come up for extension and increased authorizations.

We were a bit disappointed this time when the Department's representative appeared and gave his statement on Monday, because we felt that it was a bad presentation. And further, Public Law 480 is, in our opinion, one of the soundest bits of agriculture legislation that the Congress has given the country in, certainly, my experience. It has failed to reach its potentialities through no fault of cooperation on the part of the agricultural industry, nor, by reason of any lack of authority in the legislation itself.

We would like to call your attention to some of the things that we have found specifically which have been to the detriment of our being able to utilize this particular bit of legislation. Under the Executive order which was prepared in September of 1954 a very complex mechanism was set up which has continued to function in the name of an interagency committee, without any head direction particularly, and



without the foundation of a sound policy as applied to the purposes of Public Law 480, or in regard to liquidation of our agricultural surpluses. I respectfully call the attention of the committee to that Executive order, where you find some 7 agencies, 7 or 8 agencies, of Government—most of which have no background or knowledge of agricultural problems or of food problems—interfering and having a great deal to do with the dictation of what is the policy which has been governing Public Law 480.

The CHAIRMAN. To which agencies do you refer?

Mr. GODDARD. Well, there are two that I think are fairly well qualified, the Department of Agriculture and the State Department. Just what purpose the ICA, United States Information Service, the Bureau of the Budget, Defense Department, the Treasury Department—and there may be a few others that I have overlooked in passing.

As one example, the bill labels definitely surpluses are to be disposed under this act. In the hearing reports, in the debate on the floors, it has been brought out quite definitely what is meant by the term "surplus." We found out, after being led down the garden path for several months, that their definition of surplus, as interpreted by this interagency group, means something that title rests in Commodity Credit Corporation's name, and is in their warehouse. Then shortly after that we found out exceptions for it, as in the case of soybean oil. So we would have coming up a sizable takeover of dried beans just before maturity date of price support loan, and we would not get them included as eligible for Public Law 480 programs—simply because they physically were not in Commodity Credit's hands.

The CHAIRMAN. May I interrupt you for a moment?

Is there any definition in the law as to what a surplus is, within the contemplation of 480?

Mr. GODDARD. No, it is surplus agricultural commodities, the way the law reads—

The CHAIRMAN. That is it. The Department interprets that to mean surplus commodities now in the inventories of the CCC.

Mr. GODDARD. That is right.

The CHAIRMAN. Or surplus commodities which might come into the inventories.

Mr. GODDARD. They do with exceptions, sir.

The CHAIRMAN. What is the exception?

Mr. GODDARD. Soybean oil is an example.

The CHAIRMAN. You mentioned soybeans as an exception.

Mr. GODDARD. They have included various meat and livestock products which have no reason for being in Commodity Credit's inventories.

The CHAIRMAN. What explanation did they give to you and members of your organization as to why?

Mr. GODDARD. No reasonable explanation.

The CHAIRMAN. I beg your pardon?

Mr. GODDARD. No reasonable explanation that makes any sense. They say it is policy, and that is the end of it.

The CHAIRMAN. Was there any controversy over whether or not dried beans were actually in surplus supply?

Mr. GODDARD. No, sir. In fact, the Commodity Stabilization Service had so certified to the Administrator of FAS and they were ignored, were told it is a matter of policy, that it could not be done.

The CHAIRMAN. What was the size of the surplus on dried beans?

Mr. GODDARD. Oh, at different times it varied, between 300,000 and 600,000 bags, which is a very substantial investment for Commodity Credit to make, and one for which they should not be called on. And we could possibly determine the surplus as being in excess of domestic demands in dollar sales with the issuance of the October 1 crop report.

The CHAIRMAN. Whom do you think is responsible for the action taken with regard to dried beans?

Mr. GODDARD. They pass the buck back to this interagency committee.

The CHAIRMAN. The interagency committee makes the decision?

Mr. GODDARD. That is right; that is supposed to be the whole group of board of directors of this whole thing—set out by Executive order.

Mr. POAGE. Will the Chairman yield right there?

The law specifically says the Secretary of Agriculture should do it. It says in section 106 on export and surplus removal:

As used in this Act, "surplus agricultural commodity" shall mean any agricultural commodity or product thereof, class, type, or other specification thereof, produced by the United States, either privately or publicly owned—

which eliminates the basis for the claim that it has to be in Commodity Credit's hands—

which is or may be reasonably expected to be in excess of domestic requirement, adequate carryover and anticipated exports for dollars as determined by the Secretary of Agriculture.

Not as determined by an interdepartmental board, but as determined by the Secretary of Agriculture, it says specifically, whether it is publicly or privately owned, and it does not require that there has to even be any possibility of it coming into the hands of the Commodity Credit Corporation.

The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations \* \* \*.

Mr. GODDARD. That may well be.

Mr. POAGE. All I am saying there is that when they tell you that they can not declare it surplus because it is not in the hands of the Commodity Credit Corporation, they obviously are not following the law.

Mr. GODDARD. Correct.

Mr. POAGE. And when they tell you the decision must be made by an interdepartmental board, they are not following the law because the law says the Secretary of Agriculture should make the decision.

Mr. GODDARD. Quite correct.

Mr. HAGEN. Will the gentleman yield?

Is that under all three titles?

Mr. GODDARD. This only applies in this particular case to title I. However, it also applies to title II because they claim that their certification of what they can include, what commodities can be included, must come by notification by Agriculture after having been passed on by the interagency committee.

Mr. HAGEN. So they are not delivering the beans under any aspect of this program?

Mr. GODDARD. No, sir.



Mr. ALBERT. Mr. Chairman, it looks to me as if this a charge we ought to go into.

The CHAIRMAN. I agree with you.

Mr. ALBERT. We haven't any testimony on——

The CHAIRMAN. Someone from the Secretary's office should be called upon to explain why they have, if they have, ignored this law.

Mr. GODDARD. I might mention there is another phase. I know this has happened to a number of other commodities besides dried beans. FAS, and the Assistant Secretary who then was in charge, has been asked on several occasions—this would not apply to Mr. Paarlberg—if a certain commodity was eligible for Public Law 480. Now, there may have been supportable commodities or a partial commodity. And they were told, "No, we cannot tell you that, we publish no list." It was only within the last 6 months that we found out there is a list of eligible commodities circulated to purchasing missions and foreign embassies—commodities that are available under Public Law 480.

Mr. HAGEN. May I ask one more question, Mr. Chairman? You stated that they have utilized soybean oil?

Mr. GODDARD. That is right.

Mr. HAGEN. Which was not Government owned?

Mr. GODDARD. Correct.

Mr. HAGEN. What procedure do they use in procuring that soybean oil?

Mr. GODDARD. They leave it up to the agency that signs the agreement to go out and ask for bids, tenders on it.

Mr. HAGEN. In other words, they go out in the market on soybean oil to meet this contract?

Mr. GODDARD. That is correct, they just give a blanket check in effect.

Mr. HAGEN. Which agency does the purchasing?

Mr. GODDARD. The beneficiary to the country, or the purchasing mission or their agent. This varies with each country. Now the Czechs will buy themselves, Yugoslavia buys themselves. Some of your Latin American countries of designation have agents.

Mr. HAGEN. That is a direct contradiction of this policy they have adopted, they are trying to protect the Government's interests in these Government-held commodities.

Mr. GODDARD. I think in the case of soybeans they stretch a point by saying that they might, on takeover date, have to take over the soybeans, so rather than take over the soybeans they authorize the crushing industry to go out and crush them and sell soybean oil.

In that connection—well, say for example you were a country in Europe with a livestock industry. You can use soybean oil, but you also would like the meal for your livestock, and you would be interested in buying beans. They say, "No, you cannot do that." The only thing you can get under 480 is soybean oil, not soybeans, which is kind of a farfetched thing because, Lord knows, we have plenty of high protein feed in this country.

Mr. POAGE. I have been buying some of that protein feed. Maybe if you had been on the buying end you might feel they might be right. You said you have plenty of it.

Mr. GODDARD. Statistically speaking, sir.

Mr. POAGE. We certainly have at the present time.

Mr. GODDARD. That is right.

Mr. POAGE. But should we give it to foreign countries just because they want it that way? Should this program be used for the benefit of the foreign countries, or should it be used for the benefit of American agriculture? I think that is the question and I think you raised it rather clearly. Now, which do you believe?

Mr. GODDARD. Personally?

Mr. POAGE. Yes, sir.

Mr. GODDARD. If the purpose of the act as stated is taken literally, I think we should give the customer, all other things being equal, an option. I do not think we should dictate to them. Now, there have been instances—

Mr. POAGE. If that is the purpose, then why shouldn't we take anything that is not scarce in this country and give it away or sell it on favorable terms to any foreign country? The foreigner is the man who is getting the primary benefit.

Mr. GODDARD. You kill that point right there at the beginning because you limit it to surpluses.

Now, what I am thinking of is between surpluses—if you are going to make a rice-eating country take wheat, and force them to change their eating habits which call for rice, in order for you to get rid of wheat, and you have a surplus of both wheat and rice, I think that changes the picture. Give them what they want—

Mr. POAGE. I agree entirely on that, that is perfectly sound. But you are suggesting that because we had a surplus in soybeans, and actually in soybean oil, and we also had a surplus in mineral oil, no one can deny that. There was a question of whether we had a surplus in protein feed or not, and there certainly has been considerable question about that.

I find it hard to condemn the Department for saying they are going to keep the things in the United States that we may need in the United States and not let these people buy just exactly what they want to buy, unless, of course, they buy in the open market and pay in dollars for what they want.

Mr. GODDARD. Well, I do not mean to condemn them, either; that is a policy thing. Frankly, I am not familiar with the details of it, and I do not mean to pose as an authority on it. I just mention that in passing.

Mr. POAGE. Let me come back solely to the basic principle: Who did we pass this for? I voted for this bill, I was one of those who wrote the first bill, and I voted for it, and I did it because I thought it would help the people of America. But if this thing is actually a program designed merely to help foreigners, then I cannot vote to continue it. Because if it is just to give something away at our expense simply for their advantage—if you do not help the American people, the people of the United States, I cannot vote at all for the continuation of it.

Mr. GODDARD. Mr. Poage, I am entirely sympathetic and I agree with you on this point, I think that least of all you do not need me to call attention to the fact that under the present statute in agriculture legislation that the nub of the whole problem lies in our surpluses. If we can dispose of our agriculture surpluses, and keep our agriculture machine oiled and operating, that is something to the best in-



terests of us all. Now with an accumulation of the surpluses, which means continual round of slashes in acreage allotments, and pounding pressure on supports, you are going to try and stop your machine, you are pushing carbon, you are pushing rocks, into the gas tank actually.

I think that the problem, the excuse for Public Law 480 (1) is the disposal of agriculture surpluses, and (2) as long as we have foreign commitments by reason of treaties—and there are various figures on that, the President says 42—where we have agreed to lend military help and economic assistance to 42 nations, and you are committed by treaties or agreements, and we can substitute and support them through the use of our agriculture surpluses, I think that is a good way to do it, in preference to just handing out gold or currency.

Mr. POAGE. I agree with you on that, but of course we have not made this a substitute, we made this in addition to. I did not observe any reduction in the foreign aid bill when this was passed, did you?

Mr. GODDARD. Well—

Mr. POAGE. Well, the requests are greater, not less.

Mr. GODDARD. That is probably true.

Mr. POAGE. So if we were to reduce the foreign aid bill by the amount of this, obviously then—

Mr. GODDARD. Of course it may be we have picked up larger commitments, too, sir, than we had a few years back.

Mr. POAGE. I guess we are all the time.

Mr. GODDARD. To sum it all up, we feel that for such things as are wrong in the administration of Public Law 480 due to a lack of policy, not only for the disposal of our agriculture surpluses, but as a basis and a foundation for the administration of the act itself, we must take issue with the Executive order. We think you have it too complicated, you have too cumbersome a bit of machinery to do the job.

Secondly, we doubt that those who are administering the act, and the Department, thoroughly recognize the potentialities of the bill.

Now the State Department last January called in a man known to all of us from Harvard, John H. Davis, who was one time Assistant Secretary of Agriculture, for the purpose of making a report from the standpoint of the implications of 480 as applied to our foreign policy. I have seen Mr. Davis, but I have not seen his report. I understand half of it has been completed. And I think it might be well if that report contains the ideas that he has expressed to me privately. I think it is something that might well be commended to the committee for its consideration in looking into the extension of this bill.

In Mr. Paarlberg's testimony on Monday, on page 3 of his statement he says:

It seems likely the United States agriculture production will continue at a high level and CCC will continue to take over production in excess of domestic uses in commercial export outlets.

I think he has put that very mildly. There have been estimates that our surpluses will run annually from \$1,500,000,000 to \$2 billion over and above the domestic needs and dollar export requirements for the next 5 to 10 years, or even longer. I think that that is a key point that must be borne in mind in the extension of this bill. If it is to serve its purposes, if there is the demand there and the obligation requirements from these forty-odd countries that we are obligated to,

I think we should try and see that they are competently handled and met as fully as possible within the limitations of being in surplus supply.

The Secretary of Agriculture, certainly up until his recent trip around the world, has regarded this as emergency and temporary legislation. If Mr. Paarlberg's statement is to be taken at face value, if these conclusions of other experts as to our prospects for surpluses in the next 5 or 10 years are correct, then this most certainly is not temporary or emergency legislation. Unfortunately, asking for only 1 year extension at a time does not make for efficient operation, it does not permit proper programing, and we are actually doing a disservice to American agriculture by not letting them know what the signals are and what their job is expected to be on this front. Therefore, in trying to be constructive in these criticisms, we urge that you consider an extension for 3 years with an authorization of at least \$2 billion a year.

Now the squawk of the Department unquestionably will be that Congress has not seen fit to do anything about the price-support program and correct the evils that they say are inherent in it. I have tried to press that point and find out what is their objection and why they only ask for a year extension at a time, and they tell me that they feel that to further this program, as it might be, they would be getting on a merry-go-round by reason of the escalator clause. Now frankly, for the 3-year extension, corn and rice are not going to climb out in 3 years where they are going to be able to take any advantage, particular advantage, of the escalator clause. Cotton and rice are the only two, frankly of the basic commodities that have an opportunity of getting out.

Now just a week ago in a meeting with the rice subcommittee Mr. McLain, Assistant Secretary of the Department, agreed to the maintenance of the present acreage allotment on rice, the present minimum support level of 75 percent, in exchange for suspension for 3 years of the escalator clause. I believe that the rice industry will accept that and be happy with that kind of a deal.

Cotton I cannot speak for, I am unfamiliar with it.

If that, however, is the price they want, to get this train on the track operating efficiently, all I can do is commend it to your tender mercies and consideration.

The CHAIRMAN. Thank you very much, Mr. Goddard. We appreciate your appearance.

Mr. DIXON. I support the recommendation Mr. Goddard has made about removing the apprehensions of the Department by taking out the escalator clause. That is the impediment in the road of the progress of our farm program. I commend his recommendation to the committee's consideration and commend him for his fine analysis of our farm situation.

Mr. GODDARD. Thank you, sir.

The CHAIRMAN. Mr. Goddard, I assure you that the committee will look into the situation which you have brought to our attention.

Mr. GODDARD. Good enough, sir.

The CHAIRMAN. Before the next witness, I should like to insert in the record a statement by Mr. Phillips.



Mr. PHILLIPS. Mr. Chairman, my name is E. C. Phillips. I want to ask permission to leave these statements on that matter in support of the program.

The CHAIRMAN. Yes; we shall be very glad to have your statements.

Mr. PHILLIPS. Thank you, sir.

The CHAIRMAN. Is the statement you present Mr. Shapiro's statement?

Mr. PHILLIPS. Yes, sir; it is in his name.

(The document referred to is as follows:)

STATEMENT OF ALVIN SHAPIRO, VICE PRESIDENT, AMERICAN MERCHANT MARINE INSTITUTE, INC.

The American Merchant Marine Institute is an association representing the owners of a substantial majority of the commercial ocean shipping which operates under the American flag. Our comment is offered in support of the principle of extending the barter program as embodied in H. R. 10487.

From our knowledge of the barter program we feel that it has been one of substantial value to our country in the past and is capable of doing more in the future. It is hard to see why there can be any objection from a national interest point of view to exchanging our surplus agricultural commodities for materials of a nature needed for our mobilization base, or as insurance against decreasing world supplies. This is particularly so when the materials received can be stored at less cost than the commodities they are replacing.

We do not look upon the barter program as a panacea. However, in view of the worldwide dollar shortage and imbalance of international payments which lie at the root of our trade problems, particularly those in agricultural commodities, we see no reason to refrain from the reasonable use of our surplus agriculture to stimulate the international movement of commodities among nations, particularly when it redounds to the fundamental advantage of the United States. We believe that if the barter program is restored it will result in increased foreign commerce for the United States which would not otherwise take place. Surely this would be nothing short of beneficial to the country as a whole.

Needless to say we support strongly any reasonably endeavor which will generate the possibility of cargo for American-flag vessels. We are sure there is no need to inform this committee of the vital importance of maintaining a strong American merchant marine. Not only is it an important part of our security planning but it is an essential part of our country's economic structure. Thus, under an expanded barter program we see an additional opportunity for the American farmer and American fleet to serve each with the other in improving the economic condition of the free Western World. Another bulwark against Soviet economic penetration among neutrals or our allies would thereby be erected.

One of the significant results of the barter program authorized by title III of Public Law 480 is the generation of increased trade. Transactions under other parts of Public Law 480 involve the movement of goods in the outbound direction only. Barter adds to the outward movement an equal dollar amount of inbound cargo. The record shows that over \$900 million worth of agricultural commodities have been exchanged for strategic materials since the beginning of this program. It has been estimated by those in the trade that during the peak of these operations approximately one ship each day was coming into a United States port with materials procured through the barter transactions. American-flag vessels carried their share of these cargoes. Since the program has been curtailed, traffic from this source has dropped off to an infinitesimal trickle. The present depressed condition of American shipping is due in some part to the fact that such cargoes are no longer available.

We thought we should call these collateral benefits to the attention of this committee with the hope that it will encourage a reactivation of the barter program.

The CHAIRMAN. Mr. John Arrington, Chief, Family Housing Division, Department of Defense.

Mr. Arrington, you may proceed.

**STATEMENT OF JOHN ARRINGTON, CHIEF, FAMILY HOUSING DIVISION, DEPARTMENT OF DEFENSE; ACCOMPANIED BY DAVID M. LANCASTER, ASSISTANT TO THE CHIEF OF THE FAMILY HOUSING DIVISION, AND ANDREW C. MAYER, OFFICE OF THE ASSISTANT GENERAL COUNSEL (LOGISTICS)**

MR. ARRINGTON. I appreciate the opportunity to appear before you today on behalf of the Department of Defense, in order to furnish information on our family housing program in foreign countries, with particular reference to the surplus commodity barter transaction for military family housing in France.

Military family housing is extremely important to the Department of Defense because it ranks with pay as 1 of the 2 principal factors in the retention of highly skilled career military personnel. During the 5 fiscal years 1954 through 1958 (to date) a total of 71,123 family housing units have been placed under construction, 54,739 of these in the United States, Territories, and possessions, and 16,384 in foreign countries. Those are exclusive of temporary measures such as trailers.

Of the 16,384 units in foreign countries, 1,950 were built with appropriated funds, 5,539 were built under our rental guaranty program, and 8,896 were built under our surplus commodity program. In addition, it is hoped that another 6,673 surplus commodity units can be contracted for by the end of fiscal 1959 as shown in table No. 1 under "Current execution program."

The surplus commodity housing program of the Department of Defense was first authorized by section 407 of Public Law 765, 83d Congress. This authority, as subsequently amended, provides that military family housing may be constructed in foreign countries utilizing foreign currency balances created through the sale of surplus United States agricultural commodities under Public Law 480, 83d Congress, or "through other transactions of the Commodity Credit Corporation."

In implementation of administration policy and the above-mentioned legislative authority, every effort has been made to obtain military family housing in foreign countries through the use of surplus commodity funds, in lieu of dollar expenditures. Since it was not possible to obtain any sizable quantity of French francs through a direct sale to France under title I of Public Law 480, efforts were made to develop a barter-type transaction as a source of the required funds for housing in that country.

The housing barter procedure was developed during the summer and fall of 1955 in the course of discussions between representatives of the Department of Defense and the Commodity Credit Corporation. Negotiations with the French Government, initiated in October 1955, proved to be protracted; and it was not until June 1956, that approval was obtained from the French Ministry of Defense, permitting proposals to be invited from joint ventures or "teams," each consisting of a builder and a commodity dealer. Because of many technicalities to be worked out with the French Government, it was not until May 29, 1957, that the final contracts were signed.

Pursuant to the basic contract, the builder has obtained the land and proceeded to build the housing, receiving from the contracting officer as evidence of work performed, "construction progress certifi-



cates." Meanwhile his associated commodity dealer, under a related commodity contract, has taken commodities from CCC and sold them on the world market for a variety of currencies, the bulk of which will be converted into French francs through the French Government.

These francs will be used to pay the builder in exchange for his progress certificates; the dealer will in turn deliver the certificates to CCC in payment for the commodities received. Upon completion of construction, the builder will be paid in full, and CCC will have the full amount of certificates as evidence of the indebtedness of the Department of Defense. This indebtedness will be repaid to CCC over a period of about 17 years from quarters allowances forfeited by occupants of the housing, after deductions for maintenance and operating charges.

Since the United States cannot normally hold title to real property in France, and since the French Government did not desire to participate in the transaction, the United States is receiving in exchange for the commodities a 20-year prepaid lease, with option for renewal at reasonable monthly rentals. The payment will amount to the full cost of the land and improvements, less a current valuation for the residual value at the end of the 20-year term. The contract, or "lease agreement," stipulates that the United States shall not incur any liability for any currency payments, but is only obligated to make commodities available through the CCC.

Mr. POAGE. Will you stop there and tell me how the residual value of that, in 20 years—

Mr. ARRINGTON. Sir, at the end of the 20-year period we will negotiate with the then owner for the continued occupancy on a rental basis.

Mr. POAGE. Yes. You paid full value then?

Mr. ARRINGTON. That is right, sir.

Mr. POAGE. What value is it to you?

Mr. ARRINGTON. We considered it important to reduce our contract price to the lowest possible point by obtaining today from the builder a specified amount of money to be deducted from his contract price in consideration of the value of the units at the end of the 20-year term. I think this is one of the few instances—

Mr. POAGE. I misunderstood you there. I thought you said you were taking the value of these properties, less their residual value—

Mr. ARRINGTON. We have always found it difficult—

Mr. POAGE. You mean the residual value of the contract, then, not the—

Mr. ARRINGTON. Yes, sir.

Mr. POAGE. All right, I understand that. I beg your pardon.

Mr. ARRINGTON. To the contractor.

Mr. POAGE. I beg your pardon. I thought you were talking about residual values to the Government.

Mr. ARRINGTON. We have none, but he has, and we want to get it.

Under the French contract, 2,700 units of military family housing are being built at a total cost of \$50 million, or \$18,519 per unit. This includes the cost of the land, site improvements, structures, United States Government overhead costs, and some furniture. This price compares very favorably with our cost experience in other foreign

countries. The locations and number of units at each are shown in table No. 2.

(The tables above referred to are as follows:)

TABLE 1.—*Department of Defense surplus commodity housing program (status as of May 1, 1958)*

	Completed and occupied		Under contract		Current execution program		Total	
	Units	Costs <sup>1</sup>	Units	Costs <sup>1</sup>	Units	Costs <sup>1</sup>	Units	Costs <sup>1</sup>
United Kingdom.....	1,500	\$15,000	797	\$11,323	1,840	\$27,600	4,137	\$53,923
Italy.....					493	7,395	493	7,395
Spain.....			<sup>2</sup> 2,027	16,142	1,061	21,220	3,088	37,362
France.....			2,700	50,000	400	8,000	3,100	58,000
Morocco.....			500	11,212	873	20,388	1,373	31,600
Iceland.....					300	6,000	300	6,000
Bermuda.....					300	6,000	300	6,000
Portugal (Azores).....					306	6,120	306	6,120
Japan.....	830	8,300	542	6,125			1,372	14,425
Okinawa.....					200	4,000	200	4,000
Philippines.....					900	18,000	900	18,000
Total.....	2,330	23,300	6,566	94,802	6,673	124,723	15,569	242,825

<sup>1</sup> In thousands of dollars.

<sup>2</sup> Includes 1,581 units leased for a period of 7 years.

TABLE 2.—*Surplus commodity housing, France, under construction pursuant to lease and agreement signed May 29, 1957 (revised to Jan. 15, 1958)*

Location of projects	Gross requirement	Rental guaranty	Community support	Total assets	This project	Current programming	Percent of gross requirement	Contract price
<b>ARMY</b>								
Braconne.....	235	36	49	85	44	129	54.8	\$718,280
Bussac.....	372	100	141	241	52	293	78.7	849,593
Captieux.....	130	40	11	51	24	75	57.6	404,183
Chinon.....	223	40	55	95	42	137	61.4	683,719
Fontainbleau.....	228	0	103	103	78	181	79.3	1,279,051
Fontenet.....	142	28	35	63	50	113	79.5	829,163
Ingrandes.....	288	28	32	60	88	148	51.4	1,451,878
Orleans.....	1,480	602	206	808	198	1,006	67.8	3,306,844
Paris.....	368	0	201	201	78	279	75.8	1,452,749
Poitiers (Rochfort).....	585	250	122	372	90	462	78.9	1,483,243
Saumur.....	74	0	19	19	30	49	66.2	500,908
Toul.....	317	59	42	101	118	219	69.2	1,944,426
Verdun.....	613	200	45	245	146	391	63.8	2,412,842
Vitry-Le-Francois.....	57	0	0	0	30	30	52.7	500,232
Army total.....					1,068			17,817,111
<b>AIR FORCE</b>								
Chateauroux.....	1,462	413	60	473	647	1,120	76.6	10,647,794
Chaumont.....	949	300	18	318	108	426	44.9	1,807,518
Etain.....	816	52	25	77	382	459	56.2	6,291,560
Evreux.....	1,061	496	23	519	175	694	65.4	2,948,488
Toul.....	831	52	80	132	320	452	54.3	5,237,529
Air Force total.....					1,632			26,932,889
Grand total.....					2,700			44,750,000

Mr. ARRINGTON. Construction is now underway at all sites and is proceeding at a very satisfactory rate. Completion of the first few units is scheduled for June 1, 1958, with an increasing number each month thereafter. It is expected that the entire contract will be completed by December 31, 1958, except for the projects at Poitiers, Etain, and Chateauroux. These will be completed no later than March 31, 1959.



The houses will include 2-, 3-, and 4-bedroom units, two-thirds of them single-family dwellings, the balance semidetached. Exterior walls are of concrete block, with the exterior finish of stucco and the interior finish wallboard. Interior partitions are frame, and floors are generally concrete on grade. The tile roofs and exterior design are consistent with French architectural concepts, while the equipment and interior layouts conform to American standards. In general the contract stipulates construction of high quality, with inside floor areas averaging 1,080 square feet per unit.

While the Department of Defense is highly satisfied with the housing produced under the "barter" program in France, it is recognized that the construction is only one aspect of this complex transaction. The Department of Agriculture has informed us that sales of cotton and wheat under the French program displaced normal dollar sales, and that in the future any housing "barter" transactions must be limited to commodity sales which can be demonstrated to be additional to normal marketings. Under these circumstances we have no plans for further "barter" transactions either for military family housing or for military base construction in foreign countries, since it does not appear that transactions of any magnitude could be conducted under the revised barter program rules.

Mr. POAGE. Do you agree with that conclusion of the Department of Agriculture?

Mr. ARRINGTON. Sir, we consider that outside of our province. In other words, we must look on them as the experts in the commodity field.

Mr. POAGE. I know, but we are trying to find out facts. And the Department of Agriculture tells us something with which some of us do not agree. I wonder if you believe that they are right in saying these barter sales displaced dollar sales?

Mr. ARRINGTON. We have no opinion on that, sir. We must rely on them——

Mr. POAGE. You mean you do not want to make a statement on it. You are bound to have an opinion on it. You mean you do not want to give us that opinion?

Mr. ARRINGTON. Sir, it is very difficult for us to determine that. I myself have not followed up on the trend——

Mr. POAGE. We understand you think the same thing about it we do. And I will say that I think the Department of Agriculture is wrong in their conclusion.

The CHAIRMAN. You may conclude your statement, Mr. Arrington.

Mr. ARRINGTON. The "current execution program" shown in attachment No. 1 represents projects for which there is some possibility of development under title I programs, supplemented by 25 percent support in United States dollars as authorized under current legislation.

The CHAIRMAN. Now I should like to ask you a few questions. The first is, you indicate that 8,896 units were built under surplus commodity programs, and that in addition it is hoped that another 6,673 units will be built under the surplus commodity program. How would it be possible for you to build these additional units in the light of the buyers' rules governing Department transactions to which you referred in your statement?

Mr. ARRINGTON. Those 6,600 additional units, Mr. Chairman, are located in countries where we believe there is some feasibility of developing currencies under title I programs.

The CHAIRMAN. Some feasibility, but will that result in the disposal of surplus commodities, or only in the use of foreign currencies now deposited in the particular country?

Mr. ARRINGTON. Well, for example, one of the programs listed is for the United Kingdom where we hope to develop another 1,840 units. I understand there that the commodity contracts have been signed and the commodities—perhaps Mr. Lancaster knows whether they have all been shipped?

Mr. LANCASTER. No; of the 1,840 units, approximately one-half would be financed out of funds now available. For the other half we are relying on future deals, additional sales of commodities.

The CHAIRMAN. Will you be able to continue the military housing program in the future at the same pace that you have developed it in the past in light of these changes?

Mr. ARRINGTON. No, sir.

The CHAIRMAN. Mr. Poage pointed out that the Department of Agriculture has taken the position that in the opinion of the officials of the Department, these transactions were interfering with normal trade, but they have not been able to give us any definite information that would substantiate the statement.

You are not offering any information to justify that statement; are you?

Mr. ARRINGTON. No, sir.

The CHAIRMAN. You are saying that you are following—and of necessity have to follow—the decisions of the Department of Agriculture, which Department is charged with the primary responsibility?

Mr. ARRINGTON. That is correct, sir.

The CHAIRMAN. We shall have to deal with the Department of Agriculture on that rather than with the Department of Defense.

It seems to me it was a wise program that we started to build houses with these commodities.

I wish you would explain to us, and for the record, how the program actually works in terms of surplus commodities paying for construction and, in turn, how the CCC is reimbursed by the military.

Mr. ARRINGTON. Well, as we understand it, the commodity dealer takes commodities from CCC, sells them on the world market for a variety of currencies, and holds those currencies for payment of progress certificates, which are delivered by the builder.

The builder, as his work progresses, instead of our writing him a check for \$1 million worth of work in progress, he gets a certificate; and, in effect, he turns around and cashes that with the commodity dealer.

The performance of the commodity dealer is insured by an unconditional and irrevocable letter of credit in the full amount of the transaction in favor of the builder and our contracting officer in Paris.

So, in effect, these progress certificates are just like sight drafts which the builder can cash as fast as he gets them.

These progress certificates, in turn, are delivered by the dealer to Commodity Credit Corporation to offset the dealers' indebtedness for the commodities received. So that, at the end of the full construction period, which, as I recall, is slightly less than 2 years, all of the cer-



tificates will be received by CCC, and we will have the houses and they will have the certificates.

As our people occupy these houses, they forfeit their housing allowances and we use those funds, after deducting operating costs, for purposes of repayment to CCC over a period of years.

We estimate approximately 17 years in this instance.

The CHAIRMAN. In other words, CCC will be paid by Defense.

Mr. ARRINGTON. Yes, sir.

The CHAIRMAN. Over the years that the houses are occupied by our military?

Mr. ARRINGTON. That is correct.

Mr. POAGE. And you will make a 15 percent profit on the deal. I mean, the Department of Defense will save 15 percent as a result of this, as I see it; because you will pay back over 17 years instead of 20?

Mr. ARRINGTON. At the end of the 20-year period, of course, they forfeit—

Mr. POAGE. You do not pay anything at the end of 20 years?

Mr. ARRINGTON. At the end of the 17-year period.

Mr. POAGE. At the end of the 17-year period. You have 3 years, there, of free occupancy, because you had to pay Agriculture the first 17 years. You would be paying Agriculture the same amount you would be paying out anyway?

So, you did not gain anything for 17 years. But, in the last 3 years, the profit of the Department of Defense is that you get 3 years' use of the houses that will not cost you anything; that is, when you do not have to pay the housing allowances, the Department of Defense saves that much.

Mr. ARRINGTON. That is correct.

Mr. POAGE. You will make no savings until the 17th year?

Mr. ARRINGTON. That is correct.

I might mention, sir, with regard to these various commodity programs, that we consider the indebtedness in the aggregate, so that it is quite possible we might have another project in another country where we would withdraw our military forces and there would be no income for repayment.

So, we might use the French money to make up the deficit in that other country.

The CHAIRMAN. Well, now, these agricultural commodities are handled entirely through normal trade channels; aren't they?

Mr. ARRINGTON. So I understand.

The CHAIRMAN. And are they subject in the receiving country to import duties?

Mr. ARRINGTON. I should imagine that any normal duties would apply. I have no knowledge of that, sir.

The CHAIRMAN. Well, then, when the commodities are received, and actually disposed of in the receiving country, and the building program gets underway, does the country in which the building program is carried on impose a building tax on this military installation or housing project?

Mr. ARRINGTON. In the case of the French barter program, there is a tax applied to the construction materials. That is correct, sir.

The CHAIRMAN. Why isn't that inconsistent with the activities of other agencies?

Now, if I understand it, France would impose a tax on the commodities as they are imported, and then they take the proceeds from the sale of those commodities and put them in the houses, and then they tax that.

I have been told that the tax amounts to about 16 percent, all of which seems to me to be incompatible with our foreign trade in the diplomatic or military fields.

Now if you could eliminate the 16-percent tax, we would just get more houses; that is all.

Mr. ARRINGTON. If it should prove possible, sir.

I note that attached to Mr. Berger's statement, made last Monday, there is a list of countries where these commodities were sold, the cotton and wheat, and you will note that France does not appear.

It was specified in our contract that unless the French Government should, for some unforeseen reason, elect to receive some of the commodities, they would be sold in their entirety outside of France.

This particular program was presented to the French Government as simply being a device, from their standpoint, simply being a new device for our financing needed military housing.

Now up until that time, we had built close to 5,000 units of family housing in France under what we called our rental guaranty program.

That was a program under which we gave to selected French builders guaranties of a specified level of rental income for a term of years, 5 to 7 years.

The French Government regarded that as a purely private transaction between the American military forces in France and the French builders; and the houses built under the rental guaranty program were fully subject to taxes, that is, normal taxes, on construction materials.

Now when we approached the French Government and asked them to let us substitute this commodity barter procedure, we told them that this was simply a financing device; they would never see any of the commodities. The only thing we would bring into France would be money.

And the French Government agreed to let us substitute this new financing device, as they refer to it, on the condition that all the basic terms and conditions of this construction program be the same as under the rental guaranty program, with particular reference to the payment of the normal taxes.

Otherwise, the French Government would have refused our request to use this program and insisted that we stay with the rental guaranty.

Our negotiating position was not, you might say, the strongest.

The CHAIRMAN. Well, the point I am trying to make, Mr. Arrington, is this:

The initial agreement was at Government levels. In other words, it was a transaction between two Government agencies, was it not?

Mr. ARRINGTON. With regard to this commodity barter program?

The CHAIRMAN. The housing program.

Mr. ARRINGTON. Yes, sir.

The CHAIRMAN. The overall initial contract that was negotiated or consummated by private builders and operators was first approved at Government level.



Now, if we build an Embassy in France, they would not tax the building materials, would they?

Mr. ARRINGTON. I do not believe they would, sir.

The CHAIRMAN. Here we build them a military installation, or we build them something that is an adjunct military installation, military housing, which is vital to our national defense program, and, likewise, vital to France, and France ends up with the ownership.

We just have an occupancy arrangement and a possible renewal leasing arrangement. Ultimately, the title to that land constantly remains in France; I mean, in the French Government. When we pull out of France, the buildings go to France, and yet they are going to tax the very buildings that they are going to take over, at the rate of 16 percent.

It seems to me that the thing should be renegotiated, or, certainly, our Government should try to make it a little better deal for our own taxpayers, rather than to let the French Government tax this transaction to the extent of 16 percent.

Mr. ARRINGTON. Mr. Chairman, you are correct in that our base rights' agreements with France provide that taxes will not be levied on materials going into military construction in France. That is, the bases themselves.

The French Government, however, has taken the position that they are not providing the land for the housing project.

The private builder procures private land. The ownership is always in the private French hands. And the French Government also emphasized the contracting procedure was not the same for this program.

In other words, this is not handled through our normal base-construction contracting arrangements.

The CHAIRMAN. Now, I may be in error, but I thought when we finished with the occupancy of these units that the real property, with all improvements, went to the French Government.

Mr. ARRINGTON. No; it does not, sir.

The CHAIRMAN. I beg your pardon?

Mr. ARRINGTON. It is in private hands.

The CHAIRMAN. It goes to the builder? The builder still owns it?

Mr. ARRINGTON. That is right.

The CHAIRMAN. You mean the private contractor, now? He remains a party to this transaction for 20 years, and, at the end of 20 years, when we finish with the property, the private contractor owns all that property?

Mr. ARRINGTON. That is correct, with one reservation, which I would like to make:

And that is that in our contract we have stipulated that he must deduct from his contract price the value of the units 20 years hence.

Now, that, of course, is very difficult to determine: today's value of a 20-year deferred ownership.

We felt the only way to determine that was to hold, in effect, a public sale among various interested French groups such as insurance companies and others who would be interested in that type of a long-term investment.

The CHAIRMAN. Do I understand, then, this is an executory contract that will continue for 20 years, and when we finish with it, the contractor takes over the title?

Mr. ARRINGTON. That is correct, sir, subject to the——

The CHAIRMAN (interrupting). And the French Government is not actually a party to the transaction?

Mr. ARRINGTON. That is correct.

The French Government insisted——

The CHAIRMAN. Mr. Hill.

Mr. HILL. Who negotiated this original plan, this contract?

Mr. ARRINGTON. I did, sir.

Mr. HILL. With the French?

Mr. ARRINGTON. I did, with the French Ministry of Defense.

Mr. HILL. What was behind the idea of turning it back to the contractor?

Mr. ARRINGTON. We proposed that——

Mr. HILL. It was not of any value at the end of 20 years?

Let's get the value—Why did you do that?

There is always a reason why you do certain things—I hope.

Mr. ARRINGTON. Yes, sir.

We proposed to the French Government that they make an arrangement similar to the arrangement we have worked out with the British Government.

In our British program, the British Government provides the land; we turn the money over to the Royal Air Force Engineers. They design the units, let the contracts, and supervise the construction. The British Government holds title to the land and the houses.

We enjoy in Great Britain occupancy for the duration of our stay in Britain at a nominal rental of 1 pound per unit per annum.

Now, as you can see, if we are in Britain only 5 more years, that is not the best arrangement; but if we are in Britain 30 years, why, it is a very fine arrangement indeed. From our standpoint, it is ideal.

But when we approached the French Government with that sort of a proposition, they said "No," that they could not make such an arrangement with us.

And I believe the underlying reasons were political.

As you know, housing is in very short supply in France for the French people, and I believe for that reason the French Government did not want to be in the position of building houses for us when their people are so desperately short.

But they were willing to allow us to proceed with this private transaction.

Mr. HILL. Let me ask you another question:

These houses that you construct, are they built in such a manner that in the twenty-odd years that you occupy them, they would be charged off, we will say, as over a 20-year period, completely written off for tax purposes, as we do here?

Are they of little value after 20 years?

How permanently do you build them?

Mr. ARRINGTON. Those are excellent quality units. I would say they would have at least a 50-year life and probably better. With good maintenance we believe that they should be in excellent shape at the end of the 20-year period, and that is why we feel that the residual value should be selling high.

I do want to emphasize in our contract price we get the benefit of that residual value. The contractor has guaranteed us a minimum of something like \$850 or \$900 a unit which is deducted from his price.



If there is a sale to private interest such as insurance companies, and they get a higher price, we get the benefit.

Mr. HILL. That is at the end of the 20 years, though?

Mr. ARRINGTON. At the time that the construction is completed, sir—it is sold for a certain price today, in other words, you can see for yourself that if the units will have an average value 20 years from now in the French economy, and due to the isolated locations, of \$5,000 a unit, that is simply factored at 6 percent and you look it up in a table and see what it is worth today and we may get better than the \$850 guaranteed, we may sell for \$1,200 in which case that is deducted from our total price, now.

Mr. HILL. When they are finished?

Mr. ARRINGTON. Yes, sir.

Mr. HILL. Another question. Did you feel when you were making this contract that that was the best that we could possibly get from the French Government and the contractor?

Mr. ARRINGTON. Absolutely.

Mr. HILL. And you personally as far as your business relations are concerned, you would favor continuing this from the standpoint of yourself that you feel, and still feel you are making good contracts for the military services?

Mr. ARRINGTON. We feel this is an excellent contract from that standpoint.

Mr. HILL. I see that not only in the French area but other areas such as Portugal and Japan you have contracts. Did you make all these contracts in all of these countries?

Mr. ARRINGTON. Yes, sir; that comes under our office.

Mr. HILL. And you feel that you made as good a contract as you could; in other words, you feel that you were doing very well for the Army?

Mr. ARRINGTON. Yes, sir.

The CHAIRMAN. If I may interrupt. You say you feel you are doing very well for the Army. Now, if you were to dispose of surplus agricultural commodities you would be disposing of that surplus to the benefit of agriculture; would you not?

Mr. ARRINGTON. You mean American agriculture?

The CHAIRMAN. Agriculture over here.

Mr. ARRINGTON. I think you gentlemen can judge that better than I.

Mr. HILL. As far as you are concerned, as long as there is a surplus you would feel that that surplus should be disposed of—

The CHAIRMAN. You would not be able to do that under these revised rules.

Mr. ARRINGTON. That is correct.

The CHAIRMAN. In other words, as far as agricultural surplus commodities are concerned you have to stand by the rules as they are now operated.

Mr. ARRINGTON. We understand under the revised rules there is no possibility of further barter transactions of that type.

The CHAIRMAN. That is right. I am not criticizing you, but the military could have built more houses, they were slow in getting started in the military housing program in France and the military, I know, in the beginning did not look with too much favor on the idea of bringing agricultural surpluses into these programs.

Now, speaking for myself and I think for this committee, we are eager to see that agricultural commodities are used in place of dollars wherever it is possible to do so in all of our foreign programs.

Mr. HOEVEN. Mr. Chairman.

The CHAIRMAN. Mr. Hoeven.

Mr. HOEVEN. I have learned for the first time that these housing units eventually become the property of the French contractor. What is the situation in other countries where you have these housing contracts? Are there any others in which the private contractor gets the title?

Mr. ARRINGTON. Yes. Under the Spanish rental guaranty program the title was to remain in the contractor and still does.

Mr. HOEVEN. What is the justification for the program in Spain, the same as in France?

Mr. ARRINGTON. The situation in France was simply because the French Government refused to hold title in these units, and at the same time they would not allow us to hold title to these units, and the only solution that we could properly work out under those circumstances was to have the title remain in private hands and get as good a contract as we could achieve.

Mr. HOEVEN. In other words, the taxpayers are paying for building the property for private owners in France; is that right?

Mr. ARRINGTON. Well, the taxpayers will eventually have a benefit by getting a consideration for that in our contract, in other words, the amount we pay is less.

Mr. HOEVEN. How is the Spanish contract different from the French?

Mr. ARRINGTON. In Spain we are paying only a little over one-third of the cost of construction and the contractor is giving us credit for the residual value, which is much higher in Spain, and he does keep the continued title to the units.

We have, I believe, a 7-year prepaid lease in Spain.

Mr. HOEVEN. Did you have the same opposition from the Spanish Government as you did from the French Government in negotiating the contract?

Mr. ARRINGTON. I did not negotiate the arrangements with the Spanish Government. The Spanish program we are referring to now, which is approximately 1,500 units in 2 contracts, was originally a rental guaranty program. The terms and conditions were very similar to our rental guaranty arrangement in France; in other words, the level of rent which we pay for the 7 years is sufficient to amortize, after deducting operating costs and interest, not the total cost of the construction, but a portion of it; and how much must be amortized depends on the residual value of the units to the local economy.

For example, if they are built right outside of large cities such as Paris, the builder will amortize about 40 percent of his cost during the 5 years and if it is outside of Madrid, he will amortize about 35 to 40 percent.

Mr. HOEVEN. Are there any other countries in which you have these extraordinary arrangements?

Mr. ARRINGTON. Not to my knowledge.

Mr. HOEVEN. Only France and Spain?

Mr. ARRINGTON. That is correct.

The CHAIRMAN. May I interrupt?



I could understand if this were a project which was of no benefit to that foreign government, why they would not make any concession by way of taxes. I can understand why that would be so in such a case.

However, here is something of military value, something that is essential, it is a military housing program, and it seems to me that the French Government should take that into consideration and make a tax concession.

Mr. ARRINGTON. Well, they do make that concession for construction which is placed on base.

The CHAIRMAN. Well, you talk about on base; how about off base?

Senator Monroney and I visited the housing project at Chateauroux in France some time ago and the housing project was outside of the military base and it would be connected by a direct road. Now, my question is, Why should they tax the off-base construction when they did not tax the on-base construction when they were merely separated by a short distance?

Mr. POAGE. Before he answers that, may I have leave to point out that buildings constructed outside of bases in the United States are taxed and they are right outside the base but they are taxed just the same by the local tax people, the State and the county—both of them tax; they apply the same principle over there as is applied at home.

Mr. ARRINGTON. And I am sure that the construction materials pay a tax, also.

Mr. POAGE. Yes, but what I am saying is, Isn't this just applying the same rule in those countries that we have long applied over here when we built houses adjacent to a base in the United States?

Mr. ARRINGTON. That is correct.

The CHAIRMAN. I know, but here that is a local, domestic matter. In this case, however, we go into the field of the State Department and the State Department is dealing at a Government level in diplomatic channels and this is for military purposes. It seems to me that our agents from our Government would try to prevail upon the French Government to make some sort of a concession to us if we are going to be building bases and housing over there that is going to be beneficial to them; they should reciprocate. Now somebody in our Government was responsible for this.

Mr. ARRINGTON. Yes, sir; I am the one responsible for it.

The CHAIRMAN. One other question and I will conclude.

Mr. ALBERT. On that point about taxation, the French, Mr. Chairman, make their own rules over there just as we do over here. That is just an observation.

Mr. ARRINGTON. Mr. Cooley, I would like to emphasize that these houses are urgently needed. At the time we opened this discussion with the French Government which was in October 1955 we had an approved rental guaranty program for somewhat more than this same number of units.

Now, the European Command was insisting that the Office of the Secretary of Defense let them proceed with this rental guaranty program, which was a dollar program, and we asked them to please hold up for 6 months while we negotiated this commodity substitute program. If we could get equal or better terms plus more surplus commodities, we wanted to substitute the commodity program, and we did so wherever we got equal or better terms.

The CHAIRMAN. In your statement you say :

Since it was not possible to obtain any sizable quantity of French francs through a direct sale to France under title I of Public Law 480, efforts were made to develop a barter-type transaction as a source of the required funds for housing in that country.

That is a good explanation as to why you looked at the barter transaction.

Mr. ARRINGTON. Yes, sir.

The CHAIRMAN. But now we are faced with the abandonment of barter transactions and I do not understand why, and I am not going to press you to reply to that, because you are probably not the one who is responsible for that.

Mr. JONES. One question. When you deduct the present value of the land on which these houses were built what percentage of your original cost of that house is represented in this residual value?

Mr. ARRINGTON. Sir, that is the residual value not only of the land but also—

Mr. JONES. I am excluding the land; just taking the house itself. How much value do you feel you have left in that house after 20 years when you make that deduction? How much do you deduct? Of course, the value of the land is either going to remain constant or go up.

Mr. ARRINGTON. We had calculated at one time that the residual value of these units, and that is the value today of the ownership 20 years from now, should be approximately \$1,200 a unit.

Mr. JONES. What is it per unit now?

Mr. ARRINGTON. \$18,000.

Mr. JONES. \$18,000 and at the end of the time you feel that you have a \$1,200 value left in them?

Mr. ARRINGTON. No, sir, we feel that the value today of those units 20 years from now should be about \$1,200. In other words, it may be \$5,000 a unit 20 years from now but it is the old question of how much would you pay today for five thousand dollars 20 years from now, you see. You have to discount it and that is quite a lot of interest over a 20-year period when you are effecting a present-day sale.

Mr. JONES. Well, what I am trying to get at is this. What do you feel that value is going to be 20 years from now?

Mr. ARRINGTON. It is very difficult to determine because I would like to point out that a great many of these housing projects are built in isolated areas and if we pull out—

Mr. JONES. Well, take one outside of Paris.

Mr. ARRINGTON. That is only one of the ones I have reference to.

Mr. JONES. I know, but if we are talking about those close to Paris, they will certainly have a greater value at the end of that time than \$1,200.

Mr. ARRINGTON. That is correct, but when we negotiate, we negotiate the average for 2,700 units and 19 projects. Some of those will have virtually zero value 20 years from now except for agricultural purposes and therefore the only thing to do will be to tear down the buildings and turn them back to cultivation. You have to average those against the others.



Mr. ALBERT. Of course, I think we are all interested in saving American taxpayers money wherever possible, but could you have made a better arrangement if you had made an agreement with the contractors to build these for rent, because in effect that is what we are getting?

Mr. ARRINGTON. We are in effect getting a prepaid lease and I don't think we could have done it in any other fashion. In other words, no investment sources in France were going to put in \$18,000 a unit into these units.

Mr. ALBERT. You would have a guaranteed rental almost equivalent to what you would be getting here, wouldn't you?

Mr. ARRINGTON. It was fundamental to this program that we provide the capital. Capital is in short supply in France.

The CHAIRMAN. Any further questions?

Mr. JOHNSON. Mr. Chairman.

The CHAIRMAN. Mr. Johnson.

Mr. JOHNSON. You say that the way this plan is figured out is that you take the rental money you are giving for the various units and they were turned over to the Commodity Credit Corporation. Now, if at the end of 10 years you pull out of these countries what is going to happen to the Commodity Credit Corporation then?

Mr. ARRINGTON. There is no further revenue, of course, accruing from these particular projects except we have a stipulation in the contract that we can recover third-party rentals, in other words, the builder-owner will make every attempt to rent to French tenants and we will get the value of those francs.

Mr. JOHNSON. Is that what the Commodity Credit Corporation will get, or the regular payment?

Mr. ARRINGTON. That is almost negligible.

Basically, the story is this:

If we pull out of France in 10 years, there are other projects in other countries which should have paid out, and some in which there is money accruing, and we will reimburse the Commodity Credit Corporation from those funds.

In other words, the worldwide program is considered in the aggregate.

If there is not any money anywhere, and we still owe Commodity Credit Corporation money, the terms of our agreement with them are that we will jointly seek an authorization and an appropriation to make up their deficit.

Mr. JOHNSON. You will seek from Congress an appropriation for the deficit; but the Army is not obligated to pay the Commodity Credit Corporation unless they are using the housing.

Is that right?

Mr. ARRINGTON. That is correct.

The CHAIRMAN. Thank you very much.

Off the record.

(Discussion off the record.)

**STATEMENT OF THOMAS C. MANN, ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS; ACCOMPANIED BY HOWARD M. GABBERT, ASSISTANT CHIEF, COMMODITIES DIVISION; HOWARD R. BRANDON, PUBLIC LAW 480 PROGRAM OFFICER, COMMODITIES DIVISION; AND GUY WIGGINS, TRADE AND TREATIES DIVISION**

Mr. MANN. Thank you.

The CHAIRMAN. You do not have a prepared statement, I know, because you just called to come up here.

Mr. MANN. Yes, sir.

The CHAIRMAN. Now, we have already had testimony from the Department of Agriculture regarding barter transactions, as well as testimony from others.

We have asked you to be up here today to give us the views of the State Department, whatever information you have, and your opinions.

Now, I am under the impression—as I believe the committee and Congress, generally, are—that the barter transactions were all successfully operated during the time that they were in operation, and that the bartering of surplus commodities, particularly surplus agricultural commodities, did not interfere with normal commerce in any way.

I would like to know what your views are about that, and about barter transactions, generally; the views of the State Department regarding the barter program, which had been operating.

Mr. MANN. All right, sir.

Perhaps the simplest way to say it is that we believe, under Public Law 480, we can dispose of all the surplus agricultural commodities that are made available by Agriculture without resorting to unlimited barter.

We could dispose of more under barter or title I if we had no regard to displacing dollar sales, and if we had no regard for the displacement of the normal markets of other friendly countries.

The CHAIRMAN. Let me interrupt you at that point.

Neither this committee nor the Congress, in my belief, ever intended for them to interfere with dollar sales.

You are intimating, are you, that in some way these transactions have interfered?

Now, are you just talking about possibilities, or do you have any accurate statements, or can you cite a factual situation?

Mr. MANN. Well, I can say—

The CHAIRMAN. Before you answer, we have before this committee had testimony to the effect that as the barter transactions increased, the dollar sales increased; and when those barter transaction decreased, the dollar sales likewise decreased.

Mr. MANN. Mr. Chairman, I do not have data on any particular barter transactions in the private sector, but I do know we have received repeated protests from several governments at a very high level that barter transactions were interfering with their normal sales.

The CHAIRMAN. What do you mean—somebody like Cnaada?—saying that we had no right to sell wheat or anything like that?

Mr. MANN. No, I am saying that they were complaining that barter transactions were interfering with the normal sales of wheat for Canadian dollars.



The CHAIRMAN. Well, have you made any investigations as to whether that is true or not?

Mr. MANN. As I say, sir, I did not have time to prepare information on particular transactions.

The protests I have personally heard have been of a rather general character, but I think we could possibly show where barter transactions have interfered with dollar sales if you want us to.

It would take some time to collect the data, Mr. Chairman. In working out our Public Law 480, title I, programs under the \$1 billion authority which Congress provided last year, we had to make an estimate country by country of what each country's total requirements were, how much of that would be sold for dollars from the United States, and how much of it would involve normal sales from our allies.

The amount over that calculation, which is admittedly not always mathematically accurate, because it is an estimation, is the area in which we do move under Public Law 480 to supply the excess.

Now, under title I, our programs have covered that third layer of the estimated excess over normal commercial markets.

It is obvious now that if you have an additional uncontrolled barter program, without regard to these estimates, it will result in an additional fourth layer, which will tend to reduce the amount of dollar purchases in these countries.

The CHAIRMAN. And supposing that you are correct in that regard relating to one commodity, that is no reason to justify abandoning the whole barter idea, is it?

Mr. MANN. Well, at least, I hope, Mr. Chairman, that we have not abandoned the entire barter idea.

The CHAIRMAN. I do not say that you have abandoned it, but, for all intents and purposes, the Department of Agriculture has abandoned it, although they tell us they have not.

The fact is that they are just doing that, and there is just a very small volume of barter transactions at the moment.

Mr. MANN. My understanding is that the principal factor that is cutting down the volume of barter transactions is the requirement of the certificate of additionality.

The CHAIRMAN. That is right.

Mr. MANN. Now, if you remove the requirement of the certificate of additionality, you open the door to displacing dollar sales.

Now, Mr. Chairman, when millions of dollars go into such transactions, it means moving a lot of surplus agricultural commodities, and, because we do not know where they are going to go, it is obvious that they are going to displace some dollar sales.

Mr. POAGE. Mr. Chairman.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. Is it not true that what we have been doing and calling it barter is entirely different from what Congress actually had in mind?

I am not saying anything about violating the law, because, the way we wrote it, it was wide open. But is it not true that what we are doing is carrying on an entirely different type of trade?

It is not barter at all in the ordinary sense, is it?

Mr. MANN. That is correct.

Mr. POAGE. And what actually happened is that we set up another method of selling goods, and we were merely calling it by this, and it

is not barter that would come within the definition of Webster's Dictionary, or anything that you or I have ever learned in our lives, is it?

Mr. MANN. Congressman, I agree with you in the sense that the private entrepreneur buys the wheat and sell sit—

Mr. POAGE. And he sells it in the open market, without regard as to whether there is an adequate supply in that market or not.

Mr. MANN. That is correct.

Mr. POAGE. Under all the rest of the provisions of Public Law 480 there has got to be some showing it is not going to take the place of normal trade and in fact the law says that it shall not take the place of normal trade; but there is no way of checking on it in this. Is that not really the weakness?

Mr. MANN. I think that is precisely the reason, Mr. Congressman, that it was decided to ask for a certificate from the local government that this was in addition to the normal commercial business.

Mr. POAGE. Would you from that Department consider it sound policy to carry out some real barter transactions?

Of course, everybody talks about our need for these strategic materials and everybody has told us that we have got wheat and whoever has tungsten, and I have forgotten who has it, but we will say Chile—maybe they have, I don't know, but I do know that they have copper and if we need copper, we will give them wheat and we will take their copper—that is barter, is it not, and that is exactly what a lot of the countries have been doing, they have been making those kinds of trades?

Mr. MANN. There are two kinds of transactions as I understand it.

One is in the private sector under the regulations which Agriculture has promulgated; and the other would be the government-to-government type of barter.

Mr. POAGE. Have you done any government-to-government?

Mr. MANN. I believe not.

Mr. POAGE. Is that because it was not possible to engage in that?

Mr. MANN. Well, I think that there might be situations where we should and could engage in government-to-government barter transactions if it would be in our best interest to do so.

Mr. POAGE. That is the way the Russians do it; the Soviet does it government-to-government, do they not?

Mr. MANN. Well, certainly, the Soviet Union—in general the capitalistic countries move the great bulk of their trade through private commercial channels.

Mr. POAGE. I know that, but there is a great deal of this direct barter, but we have not engaged in any of it.

Mr. MANN. That is correct.

Mr. POAGE. Then perhaps maybe we ought to get into it. I don't know. That is all, Mr. Chairman.

Mr. HILL. Mr. Chairman.

The CHAIRMAN. Mr. Hill.

Mr. HILL. I would like to ask you along the line of the certificate of additionality—is that the correct term?

Mr. MANN. Yes, I think that is the correct term.

Mr. HILL. Now, how can this committee in working out legislation, assure that this certificate of additionality is absolute necessary or whether it is not? In other words, how can we put this into legis-



lation in such a way that the intent of the Congress and the State Department and the Agriculture Department will be in cooperation with each other in working out this matter of the certificates so that we can use them as they should be?

Mr. MANN. I think the only problem, sir, is this problem of additionality and I do not think there is any doubt that we could move larger quantities of wheat than we are now moving if we would disregard the element of additionality.

If the committee wishes to add here to that, as I believe it does, then I think it is logical, to me at least, to move as much as we can without violating that principle. We are able to do this under title I for example. In this way we can dispose of the maximum amount of surplus with the least damage to our relations with the free world and with the least damage to normal trade channels.

Government-to-government barter, I think, in unusual situations where we might have a special need for certain metals for stockpiling, is something that obviously could be much more easily controlled than barter through private channels because in the latter case we have no way of knowing where the minerals will be bought or where the agricultural commodities will be sold, and when the transaction is on a large scale, if additionality is not required it can only result in displacing normal marketings.

I for one, and this is something I have not discussed with my colleagues, but I for one would be willing to consider special situations where barter on a government-to-government basis might enable us to move surplus agricultural products in exchange for materials which we need and could stockpile.

The CHAIRMAN. If you will yield. I cannot reconcile what you have said with the statement made by the Defense Department a few minutes ago which indicated disposal of surplus commodities by direct sales.

Mr. MANN. Under title I, yes, sir.

The CHAIRMAN. Here is what they say:

Since it was not possible to obtain any sizable quantity of French francs through a direct sale to France under title I of Public Law 480, efforts were made to develop a "barter" type transaction and as a source of the required funds for housing in that country.

Now, as I understand the statement by the Defense Department, it is that because they could not obtain sufficient French francs they had to resort to barter. Now we would want to know, and I particularly would like to know who is responsible for throwing down the barter transactions? Somebody is. Naturally, your agency would be the agency which would hear complaints—I understand you to say that you had one from Canada.

Mr. MANN. Well, we have had several complaints across the board.

The CHAIRMAN. All from Canada?

Mr. MANN. No, sir, from Australia, New Zealand, and others, such as Peru and Argentina.

Mr. HARVEY. If you would yield.

The CHAIRMAN. Yes.

Mr. HARVEY. There was a case that came to the attention of our subcommittee, and I am sure that you folks will recall it.

When we were in South America to follow the operations of Public Law 480 we found that Brazil was short on wheat due to the fact that Argentina was unable to supply at that time their normal quota.

Mr. MANN. Yes, sir.

Mr. HARVEY. And so Uruguay was another supplier and Uruguay, we determined, had supplied Brazil with all of her normal quota and at prices commensurate with the range they had been enjoying, and we picked up the difference there with wheat to supplement the shortage that Argentina was unable to supply.

Mr. MANN. Yes, sir.

Mr. HARVEY. And we were there in Uruguay and Uruguay complained, they registered a complaint to the State Department, I am sure you will recall, and the gist of the Uruguayan complaint was that by guaranteeing Brazil that they would get enough wheat from us to make up the deficit needs, that we prevented Uruguay from selling their wheat at a much higher price than they had normally enjoyed and that was the basis of their complaint. Do you recall that incident?

Mr. MANN. I have been in this position only about 7 months, and I was not here at that time.

Mr. HARVEY. That I think in essence is the story.

Mr. MANN. That is the kind of situation where a third country cannot supply its usual exports and we do go ahead and sell, and the proof of that is that we sold nearly \$1 billion worth of commodities last year under title I.

Mr. HARVEY. Well, I am going to pass this criticism on to the State Department, quite frankly, and say that it appears that the State Department has been more interested in other people than they were in the United States as far as trade is concerned. That is all, Mr. Chairman.

Mr. HILL. I would like to ask a question on that point. Rather, the question I was coming to bears exactly on what you said, and that was this—you have barter power in your hands in dealing with foreign nations?

Mr. MANN. Yes, sir.

Mr. HILL. Is there any reason why you cannot use that as a pressure, as a trading lever to sell material for foreign currency? All I am trying to say is that barter should be of the greatest benefit to the State Department in making a deal for currencies if you use it properly. Is that not true?

Mr. MANN. Well, I think in general that may be true, sir. Now, may I give an illustration to show how this thing actually works?

Let us take country X—

Mr. HARVEY. May I interrupt?

Mr. MANN. Yes, sir.

Mr. HARVEY. I just wanted in conclusion to ask if that situation I described with reference to Brazil and Uruguay is a typical one?

Mr. MANN. No, sir; not with respect to the price element, at least I have not heard any such complaints. The complaints usually are on the basis of—

“We have a 15-year history of having sold 100,000 tons of wheat each year to country X and since you have started Public Law 480 our sales to that country have dropped by one-half and we believe this is related to the fact that \$1 billion worth of surplus commodities were



put on the market and part of that went to country X and we contend this displaced our normal sales."

That is a typical case.

Mr. HILL. Off the record.

(Discussion off the record.)

The CHAIRMAN. Do you wish to answer that?

Mr. MANN. I think that if we may go off the record it will be easier for me, too.

The CHAIRMAN. All right.

(Discussion off the record.)

The CHAIRMAN. Mr. Mann, we appreciate your coming up with your associates, and we are sorry that we interfered with your 12 o'clock appointment, luncheon engagement.

We may want to call you back.

We hope to complete these hearings at an early date, but we shall not be able to do so today.

Mr. MANN. Thank you, Mr. Chairman, very much. There is just one more statement I should like to make.

The CHAIRMAN. All right.

Mr. MANN. If we say and if the laws says—as I believe it does—that these sales shall be in addition to normal dollar sales, then there must be some formula for determining what is additional.

All I am trying to say is that in determining additionality, we do take into account all imports, supply-demand data, and other factors which we think have a bearing on the problem.

We do not try, as far as I know, to follow any rigid magical formula, because each case is different and we have to be flexible.

Mr. SIMPSON. Mr. Chairman, before we adjourn, one question, please.

The CHAIRMAN. Yes.

Mr. SIMPSON. When you barter for agricultural surplus commodities you deal with the Department of Agriculture and the Commodity Credit Corporation.

Mr. MANN. Yes.

Mr. SIMPSON. And so, when you barter some agricultural product that comes from the Commodity Credit Corporation, does the Department give the Department of Agriculture credit for those surpluses?

Mr. MANN. We are not directly involved in barter and do not keep books on such transactions. I think the books are kept by the Commodity Credit Corporation in the Department of Agriculture, and how they adjust these things I do not know.

Mr. SIMPSON. All of those transactions do represent costs, and I have discussed this and whomever I have talked it over with agrees that any Department that is getting surplus commodities from the Commodity Credit Corporation and which disposes of them, that that agency should be given credit for it, and that that Department should not get that, because it certainly is not fair to charge the cost of the agricultural products to the farmers without giving the Department any credit.

Mr. MANN. I think that the bookkeeping problem that you refer to is strictly between the Commodity Credit Corporation and the private barter contractors. We do not enter into the transaction.

Mr. Congressman, as far as title I is concerned, we are the negotiating agents. We negotiate title I agreements, the Department of

Agriculture makes the commodities available, and we peddle them. However, as barter does not involve international agreements, we do not participate directly in this type of transaction.

Mr. HOEVEN. Mr. Chairman, one question.

The CHAIRMAN. Mr. Hoeven.

Mr. HOEVEN. Was the State Department consulted about the new regulations on barter?

Mr. MANN. Yes, sir; we were consulted.

Mr. HOEVEN. Were the negotiations instigated by the State Department or by the Department of Agriculture?

Mr. MANN. My colleague says that the Department of Agriculture initiated them, but we were consulted—in all fairness to Agriculture—I believe they were informed of the strong protests from other countries and there may have been telephone conversations that I know nothing about regarding the views of the State Department.

I do not know.

Mr. HOEVEN. You do not know. You are not sure whether or not the State Department asked the Department of Agriculture to review the situation?

Mr. MANN. I do not know. In view of the fact that conversations go over the telephone every day all day long, it is pretty hard to be sure of that.

The CHAIRMAN. Thank you very much.

Without objection, there will be inserted in the record at this point, communications we have received, as follows:

A request from William M. Hynds, cotton consultant of Washington, D. C.; a communication from the Department of State, signed by Christian A. Herter, Acting Secretary.

(The documents referred to are as follows:)

DEPARTMENT OF STATE,  
Washington, May 8, 1958.

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives.*

DEAR HAROLD: I appreciate so much the opportunity of talking with you by telephone on Monday and sincerely regret that circumstances make it impossible for me to meet with your committee at this time.

I want to reiterate, however, my personal support of the proposed amendments relating to a wider use of the foreign currencies in our educational programs with other countries. I am convinced of the need for and value of our educational activities in our relations with countries around the world. The personal approach through individuals and academic institutions provides a most effective avenue for reaching, helping, and influencing those with whom we deal and upon whom we depend in meeting our foreign policy objectives.

I urge, therefore, your support of the use of Public Law 480 foreign currencies for the exchange of persons, aid to American schools abroad, and assistance to selected educational institutions abroad that will enable them to provide training in administrative, vocational, and technical education essential to the economic development of the less-developed countries.

Warm personal regards.

Most sincerely,

CHRIS,  
*Acting Secretary.*



WASHINGTON, D. C., April 24, 1958.

In re request for special listing of new countries to which barter cotton may be exported without proof of additionality.

Mr. WALTER BERGER,

*Administrator, Commodity Stabilization Service,*

*United States Department of Agriculture, Washington, D. C.*

DEAR MR. BERGER: The last group I country listings were published on December 24, 1957. Therefore, a revised listing is now due, and I wish to request that the countries shown on the attached statement be included in the revised listings as a special group I listing under which cotton may be exported under barter without proof of additionality; provided, however, that such cotton must be exported no later than July 31, 1958, the end of the present marketing year.

The countries shown on the attached statement are countries to which more than normal annual amount (10-year average 1947-56) of United States cotton has been exported during the first 7 months of marketing year 1957-58. Any new exports to these countries under barter during the remainder of the present marketing year will be in addition to the normal annual amount of cotton exported to such countries.

You are familiar with the fact that the cotton now remaining in CCC stocks and available for sale are of the lower qualities, and the opening up of the special list of group I countries will afford the Commodity Credit Corporation an opportunity to dispose of an additional amount of cotton and will cause an increase in the normal annual amount of cotton being exported to such countries.

Please bear in mind that all of the countries listed use their dollar balances to buy Mexican cotton as well as United States cotton, and the inclusion of the countries shown on the attached statement will result in a net increase in United States exports of cotton.

I sincerely hope that you will give this matter serious consideration and will list these countries in a special group I listing when you issue your revised listings for cotton.

Yours very truly,

WILLIAM M. HYNDS.

*Countries to which more than normal annual amount (10-year average, 1947-56) of United States cotton has been exported during 1st 7 months of marketing year, 1957-58*

Area	Country to which exported	10-year average annual exports for year beginning Aug. 1, 1947 to 1956	Exports during 1st 7 months of marketing year 1957-58
		(Running bales)	(Running bales)
Europe.....	Portugal.....	12,200	14,794
	Sweden.....	40,000	81,518
	Switzerland.....	40,100	61,372
	Trieste.....	2,400	5,264
North and South America.....	Chile.....	29,625	31,509
	Colombia.....	33,900	40,617
	Cuba.....	17,000	26,737
	Jamaica.....	1,272	3,010
	Trinidad and Tobago.....	689	1,028
Africa.....	Union of South Africa.....	8,640	18,078
Pacific and Far East.....	Hong Kong.....	34,500	65,852
	Philippines.....	9,900	27,633

NOTE.—All of the countries shown above use their dollar balances to buy Mexican cotton as well as United States cotton.

UNITED STATES DEPARTMENT OF AGRICULTURE,  
COMMODITY STABILIZATION SERVICE,  
*Washington, D. C., May 8, 1958.*

Mr. WILLIAM M. HYNDS,

*Washington, D. C.*

DEAR MR. HYNDS: Your letter of April 24 has been carefully considered. The elimination of the additionality requirement with respect to barter shipments

to the countries you listed, even on a temporary basis, would involve the risk of displacement of dollar sales.

The historical volume of exports is one of the important factors receiving consideration in the determination of group I countries. However, in the case of cotton, a comparison of United States exports during the current marketing year is not fully comparable with the 10-year historical average. Until 1956 the Commodity Credit Corporation had no separate sales program for cotton for export. Sales for export and sales for domestic use were made on the same basis. The policy on export sales was changed in January 1956 in order to make United States cotton more fully competitive in world markets. Under this policy exports of United States cotton have greatly increased so that current exports have been and are expected to continue considerably above the 10-year average.

Consideration is also given to such factors as import restrictions, the dollar exchange position of the country, and competition from other suppliers.

We appreciate receiving your views.

Sincerely yours,

WALTER C. BERGER, *Administrator.*

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The CHAIRMAN. Before we recess, I apologize to other witnesses who were to be called this morning and for whom we do not have time today.

Is Dr. Elliott here?

Dr. ELLIOTT. Yes. I will be available for tomorrow morning if you could hold a hearing tomorrow, Mr. Chairman.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. We shall adjourn until 10 o'clock tomorrow morning, Saturday; all of you please be back then.

(Thereupon, at 12:05 p. m., the subcommittee recessed, to reconvene at 10 a. m., Saturday, May 10, 1958.)



## EXTEND PUBLIC LAW 480

### Agricultural Trade Development and Assistance Act of 1954

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SATURDAY, MAY 10, 1958

COMMITTEE ON AGRICULTURE,  
HOUSE OF REPRESENTATIVES,  
*Washington, D. C.*

The committee met, pursuant to call, at 10 a. m., in room 1310, New House Office Building, Hon Harold D. Cooley (chairman of the committee) presiding.

The CHAIRMAN. The committee will please be in order.

The first person we shall call this morning is Mr. Walter Surrey. Mr. Surrey desires to make a brief statement relating to the pending measure.

Mr. Surrey, I assume that your statement will be brief.

Mr. SURREY. That is correct, sir.

The CHAIRMAN. We shall be very glad to hear you at this time.

#### STATEMENT OF WALTER STERLING SURREY, OF THE LAW FIRM OF SURREY, KARASIK, GOULD & EFRON, WASHINGTON, D. C.; ACCOMPANIED BY SAMUEL EFRON, WASHINGTON, D. C.

Mr. SURREY. My name is Walter Sterling Surrey. I am a member of the law firm in Washington of Surrey, Karasik, Gould & Efron. This is Mr. Efron who is sitting to my right.

We are here for two purposes: One is in connection with testimony that the committee heard yesterday with respect to the construction of housing for military personnel financed through the disposal of surplus agricultural commodities. We represented the contractor who is currently building the houses in France at 19 sites. I wanted to elaborate somewhat upon Mr. Arrington's testimony, and it shall not be critical in any way. We have worked with him, and he has done an excellent job in getting the program going, and protecting the interests of the United States. However, I would want to clarify one point, and that is the question as to whether the contractor will own these houses after the lease period, and the option period expires—the 20-year lease period, and the 5-year option period.

In France, by constitutional provision, the United States cannot own property of this type. It was, therefore, necessary to find some legal way around that prohibition. What was provided, therefore, was for the contractor to build the houses for an agreed price as a result of bidding and his being the lowest bid, and then by negotiation. It was provided that the United States would get these houses for a

20-year period, plus the 5-year option period at a nominal amount of \$30 per month per house for the option period.

However, in order to reduce the cost of the houses to the United States it was agreed that we would sell the residual value of the houses, or in other words, the value of the use of the houses, after the expiration of the 25-year period under a public sale with an upset price agreed to between the United States and the contractor, and that the money obtained from that sale would go then to the United States.

In the contract there was calculated a given amount for the upset price for the sale now of the value of these houses at the end of the period, and that amount was deducted from the contract price, and anything above that which is realized from the sale goes to the United States.

For all practical purposes, therefore, you have really given title to the United States, and the United States in effect has sold the future use of those houses and taken now the benefit of that sale of the residual value, or the value when their term of lease expires.

The contractor has no interest in the residual value, and no interest in the houses after the lease and option period.

The second question that arose—

The CHAIRMAN. Before you leave that question, the arrangement which you have just described was a technical arrangement that became necessary because of the fact that we could not acquire fee simple title to the property?

Mr. SURREY. That is correct, sir.

The CHAIRMAN. For all intents and purposes, though, the Federal Government is making the investment and actually owns the property for a period of 25 years?

Mr. SURREY. Yes, sir.

The CHAIRMAN. It will be divested of its interest at the end of 25 years unless another arrangement is made?

Mr. SURREY. Yes, sir; and for that divestment it gets paid.

The CHAIRMAN. That arrangement which you have described has actually resulted in France imposing the 16 percent tax on the building of these houses which will ultimately and always remain in France?

Mr. SURREY. That is correct.

The CHAIRMAN. I am not questioning what our agents did or did not do, but it does seem to me that in that technical situation that in negotiating with France and with the officials of the French Government our negotiator should have insisted upon a waiver of the tax.

Mr. SURREY. I would like to add to that point, if I may, sir.

The CHAIRMAN. All right.

Mr. SURREY. There is a basic agreement between the United States and France concerning the elimination of taxes on this type of operation. There was some discussion yesterday as to whether the facilities—these housing facilities—were built on the base, or just off the base. I do not think that is at all relevant. The tax waiver agreement between the United States and France provides that this agreement shall apply to those expenditures made by the United States in the interest of the common defense for the acquisition of articles, supplies, equipment, and materials, whether used as acquired or processed or incorporated into construction, and whether exported or used in



France for the needs of the United States forces or other Allied forces.

The other relevant provision says that—

with regard to the expenditures made in France by the Government of the United States under contracts made and financed directly by the Government of the United States, the latter will deliver a notification of all such contracts to the French Government. This notification will certify that the articles covered by these contracts are within the purpose of the present memorandum, and will indicate all the elements making it possible to determine the sum representing the amount of the taxes and duties specified in paragraphs 3 and 4 above, which will be included in the price.

In other words, the construction should be tax free. The actual price that was negotiated after the contractor whom we represented was selected as the lowest bidder, the actual price that was then negotiated between the United States and the contractor did not include the tax because at that time we had indications, and reasonably good assurances from the French Government, that the tax would not be imposed. The result is, of course, that you have added on to the contract 16.5 percent more than the price set in the contract.

The CHAIRMAN. That means that we get less housing.

Mr. SURREY. That is in effect correct, sir, since the contract price did not include the tax and was designed to get more housing. It is our belief that both in this operation and in any future operations of this type, particularly in the NATO countries with whom we have comparable type agreements such as the one with France, that the taxes should not be applied.

These installations are made necessary for the common defense of the NATO countries and the United States and the United States should not have to pay the tax.

The CHAIRMAN. I would like to emphasize this fact:

The evidence presented to this committee by Mr. Arrington indicates that these are not shacks that are being built over there; they are real houses, and they cost about \$18,000 a house.

Mr. SURREY. That is correct, sir.

The CHAIRMAN. Everything would indicate that those houses will be there for many years after we have finished with them.

Mr. SURREY. That is correct, and the United States Government is getting the benefit of those many years and when the residual value is sold, then the United States Government gets the benefit of it.

Mr. POAGE. Was it from a business standpoint a smart thing to build a house to last for 100 years when you are going to sell the residual value at the end of 20 years, and get practically nothing for it? Even though we get \$7,000 or \$8,000 for them, the present value of money is only \$500 or \$600 or \$700.

Mr. SURREY. Yes, sir.

Mr. POAGE. So, as a matter of fact, we are not getting more than 5 percent of the cost of construction of those houses by selling this residual value. I know we have to sell them under the French law, but we are actually not reducing the cost of these houses by more than 5 percent.

Would it not have been better to reduce the cost involved here on the material we used, and not have built a long-term house?

Mr. SURREY. I think the better procedure, sir, would have been to have the sale of the residual value at the end of the lease period

and have the benefit of the money realized go to the United States at that time.

Mr. POAGE. I think so, too.

Mr. SURREY. And, this is what we urged, because it makes no difference whatsoever to the contractor, but is solely a question of the amount of the benefit to the United States.

On the other hand, I think that there may have been some thought in the executive branch that by selling the residual value now you are reducing the amount of money now that you have to spend for the building of the houses rather than building up a benefit 20 years or 25 years from now.

Mr. SIMPSON. Mr. Chairman, I would like to ask the witness a question.

The CHAIRMAN. You may proceed.

Mr. SIMPSON. Did I understand you to say that the French Government is taxing the United States 16 percent a year on these houses?

Mr. SURREY. It is taxing the contractor for the materials, supplies, and such that go into the house, and that tax amounts to the total tax of approximately 16.8 percent of the total construction price of all the houses and the materials involved.

Mr. SIMPSON. Who pays this tax?

Mr. SURREY. It comes out of the funds that are provided from the sale of surplus commodities. The contractor pays it, but when he presents his progress certificate for payment to him a part of that money has to go to the French Government.

So, ultimately, the United States is in effect paying for it.

Mr. SIMPSON. Does the United States Government pay any part of that 16-percent tax?

Mr. SURREY. Indirectly, but very much so.

The CHAIRMAN. It is not a per annum tax; it is a building tax.

Mr. SURREY. It is a building tax on materials and supplies.

Mr. SIMPSON. Does the United States Government pay any part of it?

Mr. SURREY. Indirectly it pays it all.

The CHAIRMAN. It pays it all.

Mr. SURREY. That is right; all of it.

Mr. SIMPSON. If it pays 16 percent, in a little over 6 years we will have paid the French Government the total cost of the housing, and then for the other 14.5 years that they pay the tax they will be paying someone to take the houses?

Mr. SURREY. It is a total of 16 percent on the entire contract price.

The CHAIRMAN. It is not 16 percent a year.

Mr. SIMPSON. In a little over 6 years the French Government will have collected as much as the houses cost.

Mr. SURREY. No, sir.

Mr. POAGE. Mr. Simpson, this is more like a sales tax on an excise tax.

Mr. SURREY. It is considered as a sales tax on materials and supplies.

Mr. SIMPSON. I see.

Mr. SURREY. It would be paid, actually, within the 2-year period during which construction takes place.

Mr. SIMPSON. I do not know whether this is relevant or not, but did I understand you to say that the French Government says we cannot own property in France?



Mr. SURREY. That is correct.

Mr. SIMPSON. Do we own our Embassy in Paris?

Mr. SURREY. Embassy properties are exempt from that provision.

The CHAIRMAN. Mr. Surrey, I believe there was another point which you wished to make.

Mr. SURREY. The other point we had deals indirectly, or directly, rather, with the barter provisions that are being considered by the committee, and there is one type of barter provision just for certain types of services which we wish to advocate. It is called by a somewhat complicated name—triangular trade—but it actually amounts to this: A very simple example of it is a case which is now being considered where many years ago the Spanish private business people, primarily through Spanish subsidiaries of French companies, in connection with industrial programs that in part had been already started with French and German suppliers, ordered materials from France—manufactured goods, after shopping around for the best price. However, the Spanish economy is in such bad straits today that, although most of these goods, or a large part of them, have been completely or partially manufactured, they cannot pay for them. The Spanish and French Governments have urged that the payment could be obtained through the disposal of surplus cotton which France requires which would, in effect, be given to Spain which would then give the surplus cotton to France, and receive from France the manufactured goods, and the United States would receive pesetas on the sale of the surplus commodities.

There has been considerable opposition by the executive branch to triangular trade. I would like to leave with the committee certain proposed limitations on this type of trade which I believe would avoid the primary and basic objections of the executive branch, and at the same time would permit surplus commodities to be disposed of under Public Law 480 in a manner that would accomplish two good purposes rather than one.

The CHAIRMAN. Mr. Surrey, you are talking about a triangular transaction?

Mr. SURREY. Yes, sir.

The CHAIRMAN. I think it might be well for you to describe to us just how it works, and particularly, the one you are talking about.

Mr. SURREY. The one I was mentioning, sir, was a sale of cotton to Spain under Public Law 480, and which Spain would arrange for the delivery, in effect, to France, which needs the cotton, and France would pay Spain in manufactured goods that had been ordered long ago, and manufactured or semimanufactured, and Spain would put up pesetas as the local currency payment for the surplus cotton.

Mr. POAGE. What protection is there to the American cotton people to be assured that France is not reducing her dollar purchases as a result of that action?

Mr. SURREY. Under one of the limitations I would propose the ultimate recipient of the cotton or any other surplus commodity would not receive that commodity unless it could receive it directly, that is, be eligible to receive it on a direct transaction under Public Law 480.

Mr. POAGE. And unless they had actually bought their normal supplies in dollars?

Mr. SURREY. That is correct. It would never take place unless under the direct provisions of Public Law 480—under the provisions of the

law of title I it could take place. It would take place only where both countries are in support of it. I would propose it would take place only where the goods that are going back, that are being shipped from one country to another, were goods that were on order a long time, and where they had been partially or completely manufactured so that you would not disrupt normal trade in terms of manufactured goods.

The CHAIRMAN. For future transactions what suggestions would you make?

Mr. SURREY. On future transactions I think you would have to regulate it to the extent that you made certain that everyone had an opportunity to bid for the goods, and that the supply of these manufactured goods from the country ultimately receiving it to the country to which the triangular trade was taking place was a part of the normal trade of those two countries, and not, for example, taking the trade away from an American manufacturer or from any other normal supplier.

With reference to the specific case in Spain that I am talking about, these goods never could have been ordered in the United States. The type of goods and the dimensions of the goods eliminate manufacture here, except under a special order, and at a considerably higher price.

I would like also to leave with the committee, if I may, some proposed amendments to Public Law 480, one which would give an impetus to the use of surplus agricultural commodities in connection with future housing programs for our military personnel, with proper control.

The CHAIRMAN. Would that have to be an amendment in the law? Why could we not put it in the report? They have the basic authority.

Mr. SURREY. That is in the basic authority.

The CHAIRMAN. They write the regulations and they conduct the negotiations.

Mr. SURREY. That is true, but the difficulty is, as I understood from Mr. Arrington's testimony yesterday, the Defense Department seems to like it, but for some reason Agriculture seems not to like it. If the disposition of the committee is that this is a good way of disposing of surplus agricultural commodities so that the United States gets the benefit of housing programs for its military personnel in the NATO countries or others, you may need more than merely a statement to that effect in the report. You may need some more specific direction in the legislation itself.

The CHAIRMAN. My only question about that is, I do not like the idea of putting our agencies in a straitjacket by giving them too much direction and taking away their discretion.

I think if the committee put the suggestion which you made, or the substance of those suggestions, in the report, it would certainly indicate our intention and our ideas about it.

Mr. SURREY. It could be done either way, sir. The language we propose for legislation is obviously not straitjacket legislation. It is merely a direction to you to use every practical means.

The CHAIRMAN. I see. We could do that.

Mr. SURREY. But, you could do that in the report. We would be glad to submit suggested language for the report in that connection.

The CHAIRMAN. Mr. Surrey, do you have anything further?

Mr. SURREY. That is all I have.

The CHAIRMAN. Are there any further questions?



Mr. McINTIRE. In relation to observations on the triangular arrangements were you making those observations on the basis of defense installations, or were you making those in the context of commercial transactions?

Mr. SURREY. Straight commercial transactions, and not in connection with defense.

The CHAIRMAN. There was some statement made yesterday where Mr. Arrington indicated, I think, to Mr. Poage as he was being interrogated by Mr. Poage, that he thought it might be well for us to look with favor on government-to-government barter.

That would completely disrupt normal trade; would it not?

Mr. SURREY. If you are talking about barter of materials, I would think that the United States Government would prefer to regulate and control the barter by suggesting that it go through private trade channels the same way that the basic concept of Public Law 480 provides for disposal through private channels.

I would not, personally, believe that, in connection with materials and machinery and that type of barter, you would want to have government-to-government barter.

The CHAIRMAN. I also think, if we had government-to-government barter between surplus commodities and strategic materials, we would disrupt regular trade.

Mr. SURREY. We would be disrupting regular private trade channels, and I do not think this bill is designed for that purpose.

Mr. WINT SMITH. After we are paid this 16-percent sales tax on these houses, what taxes are then placed upon the housing for this period of 25 years?

Mr. SURREY. There is not any substantial tax on them. The tax is in connection with the construction of the house and the materials that go into it, as well as the supplies. Is that correct, Mr. Efron?

Mr. EFRON. Under the lease agreement that was entered into between the contractor and the United States, the contractor undertakes to pay all normal taxes, which are minimal, incidental to the operation of the house during that 20-year plus 5-year option period, during which time exclusive occupancy will be by United States Government personnel of that house.

The United States Government undertakes to maintain the houses, but the normal taxes which would arise from private ownership are paid by the contractor. There are no taxes on the United States Government.

Mr. WINT SMITH. The United States Government would pay no taxes on these houses?

Mr. EFRON. The United States Government would pay no taxes on them except this indirect tax of 16.5 percent to which reference has been made.

The CHAIRMAN. If the French can provide that concession, why cannot they also waive this initial building tax?

Mr. EFRON. I see no reason why they cannot, Mr. Cooley. It is our position that they are obligated to cooperate, and it contemplates that the French Government will waive it.

I was in France at the time this was negotiated, and the French Finance Minister stated they would give attention to the waiver of the tax, but there have been several governments since that time.

The CHAIRMAN. As Mr. Surrey pointed out, you have no financial interest in that?

Mr. EFRON. No, sir; not beyond the terms of the contract.

The CHAIRMAN. So far as you are concerned, that transaction is consummated and finished?

Mr. EFRON. In one sense, sir. However, the 16.5 percent of \$50 million, which is the amount of this contract, runs to about \$8 million, which at the time of the contract negotiations, was included to construct a lot of housing and not for paying taxes. Now you have a different situation.

The CHAIRMAN. Is that all?

Thank you very much.

Mr. SURREY. Thank you, sir.

The CHAIRMAN. Will Dr. Elliott please come around with his associates?

**STATEMENT OF DR. WILLIAM Y. ELLIOTT, CONSULTANT TO THE  
UNDER SECRETARY OF STATE, DEPARTMENT OF STATE, ACCOMPANIED BY JAMES H. SMITH, JR., DIRECTOR, INTERNATIONAL COOPERATION ADMINISTRATION; RUSSELL L. RILEY, DIRECTOR, INTERNATIONAL EDUCATIONAL EXCHANGE SERVICE; AND LEONARD SACCIO, GENERAL COUNSEL, INTERNATIONAL COOPERATION ADMINISTRATION**

Dr. ELLIOTT. Mr. Chairman, I would like to present my associates to you.

The CHAIRMAN. That will be fine.

Dr. ELLIOTT. I would like to present Mr. Smith, the Director of the International Cooperation Administration; Mr. Leonard Saccio, the General Counsel; and Mr. Riley, whom I will ask to come up, is the Director of the International Educational Exchange Service of the Department of State, Mr. Chairman.

The CHAIRMAN. Will you gentlemen please have a seat? We shall be very glad to hear you now, Doctor.

First, let me ask you this question in order to verify your position: You are in favor of an extension of Public Law 480, are you not?

Dr. ELLIOTT. Indeed, we are, sir, and we feel it is a very valuable instrument of foreign policy and it could be made more so.

The CHAIRMAN. We have a letter from Mr. Christian Herter, which I submitted for the record, and I had a conversation with Mr. Herter on the telephone. He explained to me his predicament, and expressed regrets that he could not appear, personally, before the committee. I assured him I did not think it was necessary for him to interfere with his duties. I am sure he is well represented in the event you should appear in his behalf.

I assume you do have suggestions to make regarding the program which has been in operation and which might be in operation in the future under Public Law 480?

Dr. ELLIOTT. In the first place, I think we ought to put it clearly on record that we do think this is a very valuable instrument of foreign policy and can be made more so by clarifying some aspects of the record, and by two of the amendments that the Senate has proposed to it, and which the Department is very grateful for, and hope



that the House will support. I refer to S. 3420, sections 2 (a) and 2 (b) (lines 5 through 21 on p. 2).

In the second place, by bringing to your attention what I hope Mr. Smith will particularly help to highlight this morning because he has just finished an inspection tour of a great many of these countries where there has been Communist penetration and seeing how his own shop is operating.

Mr. POAGE. You just stated that you could consider this a very valuable instrument of foreign policy, with which I agree.

However, would you be willing to have the cost of this program charged to the State Department instead of the Department of Agriculture?

Dr. ELLIOTT. Well, Mr. Poage, I have been a staff director up on the Hill for Congress, and I know better than to try to answer that question offhand, and I hope you will——

Mr. POAGE. Do not you know that it is one of the vital questions concerned here?

Dr. ELLIOTT. It is a vital question, indeed, from the point of view of your consideration, but not all of this expense is chargeable to foreign policy, of course.

Mr. POAGE. Of course not. I am not suggesting that it all be charged to foreign policy. I am asking you how much should be charged to foreign policy.

Dr. ELLIOTT. I would like to ask you, sir, how much of it is charged to foreign policy. I am a farmer, and I very much appreciated your questions of the witness yesterday, in my capacity as a farmer, when it was suggested that all the Federal costs should be raised by forcing soybean products to be further supported by being declared surplus even when other substitutes or dry feed, high protein equivalent, were in short supply for farmers who have to buy feed. I think it is fine to find out that the Agriculture Committee is thinking about all kinds of farmers' interests and their protection—as you said. The ones that buy feed for cattle, hogs, and sheep, as I do, have the same problem from the standpoint of distribution of joint cost on feed substitutes—as you showed. It may be almost equally difficult to allocate how much of the cost of the surplus agricultural products under this act should be charged up to foreign policy, primarily.

Mr. POAGE. Do you agree, then, that the Department of State should bear part of the cost? I realize that the taxpayers bear it all, but should a part of this expense be allocated to foreign policy?

Dr. ELLIOTT. At any time that the Congress of the United States will add to the budget of the Department the appropriated funds to carry this, I should say, of course, it will be very happy to do so, but it has to be a balancing operation. You cannot get blood out of a turnip. Agriculture has prior claims, maybe.

Mr. POAGE. Now, you would laugh this thing off, but I am dead serious about it.

Some members of your own agency go out and tell the people of New York City and Chicago that we are wasting \$1.5 billion, or any other amount they want to say, of tax money to support agricultural prices through this legislation.

Dr. ELLIOTT. Who says this?

Mr. POAGE. Now, of course, we are spending some money to support agricultural prices, and some of it should be charged to agriculture,

but you told us this was a very valuable instrument of foreign policy, with which I agree.

Dr. ELLIOTT. I would like to tell you why, also. I just said if you are going to charge it to the State Department, please see that the State Department has something to pay it with.

Mr. POAGE. Obviously—now, let us not be funny about this thing.

Dr. ELLIOTT. I am not being funny about it. I am just trying to see my way clearly.

Mr. POAGE. Obviously, you cannot pay it unless Congress makes an appropriation. We are not children in the first grade; we have at least gone to the fourth grade, and we know the State Department cannot pay it unless we make the appropriation.

Dr. ELLIOTT. That is right.

Mr. POAGE. Well, now, what are you telling us? Are you giving me an answer to my questions, or are you trying to laugh it off? Should not part of it be charged to the State Department?

Dr. ELLIOTT. Well, I think that is a decision which has to be made by Congress in its wisdom as to how it is going to allocate Federal expenses. You can make exactly the same kind of argument about charging the merchant marine to the Defense Department if you want to. If you want to handle the budget in that way, it is perfectly all right. I at least, would not mind as long as there are the provisions for doing it. But I think Congress, through its overall appropriating power, would have to be the one that would determine what part of this was properly chargeable to foreign policy.

Mr. POAGE. Of course, we are the ones who have to decide whether we will renew it or not.

Dr. ELLIOTT. Yes, sir.

Mr. POAGE. But, you are up here to give us your views on the matter. You are willing to give us your views on the matter on one side of it, but you are not willing to give your views with reference to this question which I have asked.

Dr. ELLIOTT. You are asking me to consider something and give a snap judgment that I certainly would want a little time to study.

Mr. POAGE. You are the very man who came up here and started your statement with the thought that this was a very valuable instrument of foreign policy.

Dr. ELLIOTT. Yes, sir.

Mr. POAGE. If it is valuable—and I agree it is—I ask you how valuable it is? You are the man that made the statement. I did not make it. You made the statement, and I asked you to tell us how valuable it is.

Dr. ELLIOTT. And you asked me to put a dollars-and-cents cost on something that would take a little while to give you any kind of reasonable answer.

Mr. POAGE. Will you mull it over, and mail us an answer?

Dr. ELLIOTT. I will be glad to try to, sir. But I could not promise to commit the Department by my view.

Mr. SIMPSON. I question whether or not the agricultural money should be charged up to the Department of State. I have advocated that there be some accounting, and I was possibly one of the first on the committee to advocate that. However, I do not think we ought to charge it up to the Department of State because they are more in the red than the Department of Agriculture.



Mr. POAGE. Probably so.

Mr. JOHNSON. I think we all agree that it should not be charged up against the farmers.

Mr. HILL. Mr. Elliott, I would like to get into another part of this question.

The CHAIRMAN. Suppose we let him proceed with his statement.

Dr. ELLIOTT. I would like very much, if I could, to do just two things, briefly, Mr. Chairman: First of all, I would like to give you a few ideas why the Senate amendments that interest us especially are helpful, and why we think they should be accepted, we hope, by the House. I have given you an annex A to help to explain why we think that the sections 2 (a) and 2 (b) are useful, which I have circulated around among the members of the committee.

Then in the second place, as I have tried to show in annex B we would like to go on and show why the educational side of the use of local Public Law 480 funds is important to the economic development of the powers under sections 104 (e) and (g).

If you prefer I do that later that is fine, but since Mr. Smith has come up with me, I would like particularly to turn over to him rather early some observations on these points.

Mr. HILL. The question I had in mind has no bearing on the appropriation, except I would like to say this in passing:

This committee is not the appropriations committee. The money has to be provided by another committee. It does not seem fair to Agriculture and to the State Department also now that we have come to a point—and I am sure Mr. Poage would agree 100 percent—where we should begin with the State Department and with the Agriculture Department and each take a percentage of this, and maybe most of it be charged up to defense.

Actually, you would have no quarrel with that; is that correct?

Dr. ELLIOTT. I would not know how much to charge to defense. For instance, you have the housing projects that I just listened to the testimony on Friday—yesterday—before this committee with a great deal of interest.

Mr. HILL. Certainly we should not be charged up in this committee with the educational program and say this is an appropriation for agriculture. That, itself, is not what I wished to ask you about.

Would you discuss before you begin your discourse the importance of timing in regard to getting this legislation renewed immediately?

Dr. ELLIOTT. Yes, sir. I am very much concerned about that aspect of it, because a great many of the plans that the executive department has to make are involved. I know that Mr. Riley has been held up right along every year in the matter of timing, depending upon some knowledge of what funds his agency can count on. If you are going to help the Roberts College in Istanbul in Turkey—which has, as I say in my testimony—probably produced—and I am told this on good authority not by one, but by several people—50 percent of the younger leaders of Turkey since Kemal Pasha have been in some way associated with this college—if you are going to do that—

Mr. POAGE. The same thing is true with reference to the American University at Beirut; is it not?

Dr. ELLIOTT. Yes, sir; very much the same thing; the American University at Beirut is covered in my testimony, and I hope to get to

it, and I hope Mr. Smith will have a chance to tell you something about it.

Now to answer Congressman Hill's question: It is very important to get these things settled as quickly as possible by renewing this act, because otherwise we do not have the planning ability to make the kind of plans that are effective in countering the Russians who are not operating on a year-to-year basis.

Mr. HILL. According to what you say, it would appear to me we should not delay this legislation for other legislation because I consider this program entirely different from any other types of farm programs and in addition this is an extension of present legislation with amendments.

Mr. ELLIOTT. It combines a great many features that are of great interest to the farmers of this country as well as to the foreigners, especially for helping these underdeveloped countries get on their own feet, and stay there. My advocacy of this is mainly based upon the fact that this is a way toward self-help, not only through the Cooley amendment in and through section (e), which allows these people to develop some types of processing in using our farm products, but through giving them ability to develop the technicians and administrators without which they cannot run these countries, even on a survival basis. This is the best investment of funds I can think of that we have.

These funds are not funds that come into the dollar appropriations except once in paying for the commodities but they do reach ends that dollars would not reach unless they were expended directly and additionally. That is the point I believe Congressman Poage wants emphasized—and rightly. We do, in submitting State and ICA budgets have to show the Appropriations Committee how much help from Public Law 480 we get each year.

Mr. HILL. I would like to ask a question of Mr. Smith. As I recall, if you will excuse this personal reference, you are a Coloradan.

Mr. SMITH. Yes, sir.

Mr. HILL. If I recall correctly you are from Aspen.

Mr. SMITH. Yes, sir.

Mr. HILL. You are also a farmer in a way. You own a ranch in that area?

Mr. SMITH. That is correct.

Mr. HILL. I will ask Mr. Elliott what is his State and what he farms.

Mr. ELLIOTT. I am a Tennessean by origin. I own a mountainous farm (like my own home country) in Virginia. It is up and down and can raise cattle, hogs, and sheep but I do not yet make a profit on them.

Mr. HILL. Do you call mountains in Tennessee mountains the same as Mr. Smith and I do?

Mr. ELLIOTT. Let us not get into magnitudes. We have about as high mountains as they have in the East and my farm is bounded on two sides by the largest "mountains" east of the Blue Ridge. We call them hills. You would call them bumps.

Mr. HILL. What is the height of the mountains near your ranch, Mr. Smith?

Mr. SMITH. My house is 8,020 feet above sea level and I consider my good friend here a flatland farmer.



Mr. HILL. The top of the peaks in your area would be 12,000 to 14,000?

Mr. SMITH. That is right.

The CHAIRMAN. Now that we have the height of the mountains covered, let us get back to this legislation.

Mr. TEWES. Everybody concedes everything is up in the air in Colorado.

Would there be any Public Law 480 if there were no surpluses? Do I misunderstand that?

Mr. ELLIOTT. I would think not, but that is not the whole of the story. There are surpluses and we are using them and I think there is a real point about their aid to our foreign policy. They certainly help us not to have to rely on dollar appropriations for things that are mighty useful, if we can get the funds. I wish Mr. Smith could have the opportunity—and rather quickly if I can breeze through 2 or 3 pages of this—to turn over to him because I think he has the kind of testimony Congress is entitled to hear from somebody who has looked at his problems on the spot, all over the world. I am glad we have somebody running that shop who goes out to look at it and see what is wrong as well as what is right.

I would like to convey to you at the outset just what Mr. Herter has said in his letter. I am sure many of you who are old colleagues of his will appreciate the fact that it is a genuine deprivation for him not to be able to be here. He has had to cancel out a lot of things of crucial importance to handle other things as Acting Secretary.

If I can summarize just a few of the points in these letters they will help with setting the whole problem.

The first letter that I will deal with is from Mr. Herter to the chairman. I will read 2 or 3 things because they are the only ones I think you need to have. In the first place he feels that support of the proposed amendments relating to a wider use of foreign currencies in our educational programs with other countries that the Senate proposed is very important and he hopes that the amendments noted above and in annex A of my submission for the record that you have before you will pass.

They give aid particularly and specially, almost entirely, to these American-sponsored schools. I do not think there is any question about the fact that the 30 or 40 schools of some importance and the hundreds of smaller schools and colleges that have a religious basis all over the place, in Latin-America as well as in the underdeveloped countries of the Middle East, are about as important as any American investment. They stem from missionary enterprise and missionary zeal in many cases and they have paid the greatest dividends, not in money, but in a true picture of America, and in friends.

The CHAIRMAN. You have in mind colleges like Roberts College in Istanbul and the American University in Beirut?

Mr. ELLIOTT. Yes, and the American Institute at Bologna. It has done a wonderful job in Italy. I think Congressman Anfuso is well acquainted with it. There is also the broad support by the use of Public Law 480 foreign currencies for exchange of persons, beyond this proposed additional aid of American schools abroad, authority which ICA already has under sections (e) and (g) of 104 of the basic act to afford assistance to selected educational institutions abroad,

especially those that train civil servants and technicians and the people who have to run these countries to keep them out of the hands of the Communists, that will enable them to provide training in administrative, vocational and technical education essential to the economical development of the less developed countries.

In Mr. Mann's letter he supplements that by two or three points I hope the committee will note. You will note in his letter of May 5 to Mr. Cooley that the Department believes disposal of surplus commodities under the act not only serves important foreign policy objectives but his letter emphasizes that the bulk of our title I sales is to underdeveloped countries, many of which have serious foreign exchange problems. We could not really deal with them by direct appropriation without an enormous increase in the cost to the taxpayer.

I agree fundamentally with Mr. Poage in saying that this is an instrument of foreign policy. There is no question it is. It is not only a source of emergency help in different periods provided by Public Law 480 commodities under this and under title II as well and in some cases by the barter provisions of title III. The Department feels, as Mr. Mann emphasized, that we can contribute to the economic development through foreign currency holdings not only under section (e), which contains the Cooley amendment in that section, which is for foreign economic development, but through section (g) which deals with loans—and in many cases loans are feasible—providing not only the long run objective of strengthening their basic economy but also to provide the basis for continued political stability in these countries.

I would like to emphasize that last point. Basic political stability is obviously the first ingredient of economic development. You cannot have self-help in these countries unless people can invest capital with some assurance, not only Americans but the people in these countries themselves. Let us ask how do you think an Indonesian or even an Indian feels about the future of his investments security? I would not like to mention other countries unless it were off the record, because some are too obvious. You can see that unless you have stability ahead you do not have the capability either of resisting Communist infiltration or making long run plans of capitalist development and free institutions.

The CHAIRMAN. Congressman Poage and I have some substantiating evidence on that statement. We had the Minister of Finance of one of the countries tell us it was absolutely ridiculous for America to make money available in that country unless America was prepared to see to it that it was used in the way we intended it to be used.

Mr. POAGE. He said, "I hope you will put strings on it".

The CHAIRMAN. Yes.

Mr. WINT SMITH. Is it not also true not one of those countries teaches the free enterprise system, it is all socialism?

Mr. ELLIOTT. No.

Mr. WINT SMITH. Name one.

Mr. ELLIOTT. South Korea, the Philippines, Japan, Iraq are getting good training in this and so is Pakistan. You are right that we are up against one of the worst kinds of stacked deals that ever was in many parts of the world in the Marxian penetration of a great many of these countries. We try to combat that. In other words, what we



are up against is something where the dice have been loaded by intellectuals trained in Moscow and by the apparatus Moscow has put to work by penetrating the school system and the universities.

I would not question that because every summer at the Harvard summer school I see these people come over here from all over the world and they are heavily infected, even the people who are friendly to us, with this basic Marxian ideology. I do not question that. But we are trying to counter it. It is a fact. We want to deal with it. Fortunately there are some exceptions.

May I just point out that the second major point in Mr. Mann's letter is that heretofore we have had very "grave difficulties" this is a confession from the Department with economic development because there has been a large backlog of foreign currencies that have not been put to use. Nobody is trying to do that more than Mr. Smith, here. I will turn over to him shortly to tell you about it. Steps are being taken, as Mr. Mann says "to remedy this situation." Simultaneous negotiation of the sales and loan agreements (which permits you to get the best deal), "are now taking place." This results in a much larger amount of local currencies developing and being made available for use in these countries, which the United States is in a better position to direct or at least help to direct toward fruitful ends. As Mr. Mann says, this should help materially to widen utilization, training, and to finance economic development projects.

Third, the education and training of people within these countries is a necessary part of foreign economic development. I have already made the point that it is impossible to have real economic development without stability, without conditions under which investment is possible. This point is spelled out in annex B of our submission to you.

The only kind of economic progress which you can really achieve is one in which economic development has to require trained, skilled, and semiskilled workers, administrators, teachers of these techniques, and technicians. This has been usefully undertaken under some aspects already in the use of foreign currencies under Public Law 480. It is now possible under the act under sections (e) and (g). But in our view it has not been done adequately and not enough currencies have gone to that kind of productive self-help without which we cannot get these people, if I can use this expression without offense, off our backs. The burden on the United States will be lightened to the degree that they can help themselves by trade, not aid. The Biblical injunction is to bear one another's burdens, but it says "one another's." I do not want to get into a scriptural controversy but it seems clear that is a reciprocal kind of business. The more we can get them to help us as well as themselves, the better.

The record should be made clear that this use of Public Law 480 for education has support not only in the State Department and ICA but by Congress which has provided in Public Law 480 local currencies such a valuable tool. If I may say so, departing from my remarks a moment, that you and others—I believe Mr. Poage was either on the Colmer committee or Herter committee—

The CHAIRMAN. He joined us there and Mr. Hill, too.

Mr. ELLIOTT. He will remember—you see, I had the honor to serve as staff man for the Colmer committee and staff director for the Herter committee—you will remember what my instructions were:

From the first of the postwar period the Congress was far more prescient in this matter than the administration to see that everything done in this foreign aid direction was aimed toward creating self-help among and in these countries. The productivity teams put in by the ECA were put in at the suggestion of Congress. And this was only a first step. I think the record has never appropriately showed the creative role which the Congress of the United States played in forcing policy along these lines by demanding a longer term provision and planning to lift these foreign recipients of aid beyond grant aid to sound loans and trade.

As a matter of fact, it was Mr. Herter's resolution in 1947 that antedated the Marshall proposals by several months. It was Mr. John Vorys' Subcommittee No. 2 report, if I may say so, that the House Foreign Affairs Committee laid out the whole scheme of the ECA in June 1947. It was Mr. Simpson and that great fellow whose picture I am happy to see there, Cliff Hope, a truly fine and great American—your former chairman of this committee, who between them in Russia took handfulls of sprouted wheat and showed them to the guides who were taking us around and said, this doesn't look like well-planned economy to us. The wheat was ruined, it had been stacked uncovered and allowed to sprout and rot. We have had some wheat spoilage ourselves but never on that scale—if we saw a fair sample of collective farming. Congressmen were looking at the facts themselves.

What I am trying to get across is this: This interest in self-help is the basic note that I have tried to introduce in this testimony. The Colmer committee members felt that better agriculture turning away from armaments would make Russia too far less dependent on the \$6 billion loan Stalin was asking, which the committee was unwilling to consider for approval. I am not going to try to read you the rest of my prepared testimony because you have been kind enough to allow us to come here and put it on the record, and Mr. Smith ought to get his wish soon. I do want to say two things before I turn over to Mr. Smith.

I will be glad to supply my testimony as written here for the record if you like, I can also give you if you want it—and I have brought along with me—an analysis of what the Communists are doing in training these people from the excolonial and even presently colonial countries, not only in Moscow, not only by sending out Communists to selected countries in whole teams, carefully trained with the languages, with the ethnography, with the linguistics, and so forth, the blueprint for the conquest of Africa which the Moscow rulers have published in their Ethnographic Institute would operate through penetrating the Sudan and Ethiopia should be a warning to us. They move in and get hold of the key people in the schools and set up their party apparatus in the administration.

The weaknesses of these systems are that they have not, newly emerging from colonialism, developed a governing group able to govern, even to do the simplest things, to make a budget, to insist upon the kind of personnel policy that is not completely riddled with favoritism. Nobody can change that overnight. But we must prevent them losing to Communist subversion by default if we are going to lick the Communists in this struggle for the over 1 billion people involved in this third sector of the world. You must remember we



have about 600 million people, or less, in the democracies of highly developed capitalist and advanced countries in the world, including Japan. The Russians and Chinese Communists, control over 960 million. I do not know how much 600 million Chinese count for at this stage of the world's development, but they have in history and may again. China and Russia control over a third of the world's population against our one-fifth. The remainder, over a billion, live mainly in these underdeveloped countries. Seven hundred and fifty million of those people or more have just emerged from colonialism. There are still about 150 million under various forms of colonial tutelage. As a personal view, I think some of them will have to remain colonies for a while until they can become fitted for self-government and international responsibility. I do not think you can take away all colonial control, say, in Africa, from the Sahara down to the Rhodesia, without creating a vacuum. You may have to have trusteeships, but you will need outside tutelage.

We are trying to rescue this part of the world from penetration which would turn over to communism the natural resources of a great part of the world. Some of you gentlemen may know of my concern with that problem of our long-run dependence from the War Production Board days, when I had to handle all strategic materials and stockpiles.

Mr. HILL. What cooperation are you accepting from countries like Britain? Could you name some of the countries that really help in this fundamental matter?

Mr. ELLIOTT. We count on trade to import our needs. Other types of special resistance to communism, like SEATO, I think I would hesitate to give you on the record. What we are trying to do and will have to do is get experts as we have at Harvard in Sir Hamilton Gibbs. We do not have many people in this country who know Arabic and Moslem cultures as he does. We have to learn to be better than the British, ultimately, we prayerfully hope.

Off the record, please.

Mr. HILL. Off the record.

(Discussion off the record.)

Mr. ELLIOTT. Now, sir, as to our need for linguists and other specialists who can work with these people in their own lands, as the Soviet agents do, I could go back on the record.

The CHAIRMAN. It occurs to me your ideas might be very well put into the report rather than necessitate any amendment to the law.

Mr. ELLIOTT. We do not have to have any amendments to offer, but we would like your approval of the amendments the Senate has offered to section 104.

The CHAIRMAN. You mean the Senate amendments pertaining to the subject you are discussing?

Mr. ELLIOTT. That is right. S. 3240, amending section 104 (Public Law 480) which under section 104 adds section (k). I have given the explanation about that more fully in annex A that you have before you, and I hope will print as part of my testimony.

The CHAIRMAN. In other words, you do think that is a good amendment in the Senate bill?

Mr. ELLIOTT. Yes, and anything you can do in the record to clarify your support for this basic principle—

The CHAIRMAN. Do us the favor, since we have an enormous burden, of drafting some language for our report.

Mr. ELLIOTT. I will be happy to try to.

Mr. DIXON. I am glad the chairman brought out that point because there are at least five very important changes that the gentlemen are proposing to our bill.

Mr. ELLIOTT. Thank you.

The CHAIRMAN. It is not our purpose to take final action today. I wanted Dr. Elliott to state whether he thought it was necessary for us to amend the law or whether we could take care of some or all of the suggestions in a report.

Mr. ELLIOTT. You could take care of all the clarifications of the record in the report. This is as much an internal matter for guidance of the executive as anything else. This legislative intent is one of the most valuable things Congress does. When it is in the law everybody in the Government has to pay attention to it. You have something like what was said yesterday about the Secretary of Agriculture; responsibility is pinned on him for a specific function, and he has to be responsible, and so on.

I want to be clear that the Senate amendments I am talking about in S. 3420, which will have to be made an amendment to the law, I think, and which this committee, I hope, will accept, are to section 104 of Public Law 480, explained in annex A which I have given you. This was prepared by Mr. Riley, the Director of the International Educational Exchange Service of the State Department. These help these American institutions. Beyond that we do not need changes in the law. The law itself contains under the economic development provisions ample legal scope for sections (e) and (g) of 104. What the Department has reported to you, as policy, as I understand it, the record of the intent of Congress is all that is really required to allow people to operate and get over any disputed or doubtful points.

Mr. POAGE. Is that on page 2?

Mr. ELLIOTT. Yes, sir, of S. 3420.

Mr. POAGE. Line 13?

Mr. ELLIOTT. Yes, sir. This is S. 3420, line 13. Really from line 5 through line 21. I am not up here for the other amendments contained in S. 3420. You see section 303. We do not have any competence on that point.

The CHAIRMAN. Dr. Elliott, we shall insert your prepared statement in the record at this point.

(Mr. Elliott's prepared statement follows: )

STATEMENT OF DR. WILLIAM Y. ELLIOTT, CONSULTANT TO THE UNDER SECRETARY OF STATE, DEPARTMENT OF STATE

Mr. Chairman, members of the Agricultural Committee of the House, I am happy to be able to present to the committee Mr. James Smith, Director of the International Cooperation Administration, his legal counsel, Mr. Leonard Soccio; and Mr. Russell Riley, Director of the International Educational Exchange Service.

I appreciate very much the opportunity to add to the testimony that you have had, not only from the Department of Agriculture and various interested parties, but from the Department of State itself, on some aspects of this problem of possible amendments to Public Law 480.

I want to convey to you at the outset what the chairman has already read into the record through a letter from the Under Secretary of State, Mr. Christian



Herter whom many of you know as a former colleague here in the House how much he regretted not being able, himself, to come before this committee. As you know, he has been acting as Secretary of State and has had to deal with many very important matters that have called him away from engagements that he had already made. He has asked me to express to you personally his regret at not renewing some old friendships.

May I start off, Mr. Chairman, by summarizing a few of the points in the letters that have been written to you on behalf of the State Department by the Under Secretary and by Assistant Secretary Mann. You will notice in the letter of May 8 from the Under Secretary, Mr. Herter, to Chairman Cooley, that the essential points which Mr. Herter stresses as being of particular interest to the Department of State, and to those agencies whose policies it is instructed to bring into line with our basic national foreign policy, such as ICA and USIA, are two:

1. "Support of the proposed amendments relating to a wider use of foreign currencies relating to our educational programs with other countries"; and
2. The broad "support for use of Public Law 480 foreign currencies for exchange of persons, aid of American schools abroad, and assistance to selected educational institutions abroad that will enable them to provide training in administrative, vocational, and technical education, essential to the economic development of the less developed countries."

I am here to explain, if you will permit me, the basis of that emphasis and to answer any questions that I can, after a very brief presentation.

In Mr. Mann's letter, in addition to giving the support of the Department to the testimony which you had previously heard from the Department of Agriculture for a renewal of the act, there are three points of emphasis which I think need to be given as general background for the Department's own concern. You will note from his letter of May 5 to the chairman, which is inserted in the record, that the Department believes that the disposal of surplus commodities under the act serves important foreign policy objectives. In explaining the attitude of the Department on these points, Mr. Mann's letter emphasizes (1) that the bulk of our title I sales is to underdeveloped countries, many of which have serious foreign exchange problems. It is not only emergency help in difficult periods that is provided by Public Law 480 commodities under this and under title II as well, and in some cases by the barter provisions of title III. The Department feels, as Mr. Mann has emphasized, that we can contribute to economic development through foreign currency loans under section 104G of the act "providing not only the long-run objective of strengthening their basic economy but also to provide the basis for continued political stability in these countries." Both of these aspects of economic development are essential if we are to have better potential customers for United States products.

The second major point that I would like to draw to your attention in Mr. Mann's letter is that heretofore we have had grave difficulties in connection with economic development because there has been a large backlog of foreign currencies that for various reasons have not been put to use. As Mr. Mann indicates in his letter, "steps are being taken to remedy this situation and simultaneous negotiation of the sales and loan agreements is now taking place." This results in a much larger amount of the local currencies which are developing being made available for use in these countries which the United States is in a better position to direct, or at least to help to direct. As Mr. Mann says, this should help materially in effecting wider utilization of foreign currencies to finance economic development projects.

The third point is that the education and training of people within these countries (also stressed in Mr. Herter's letter) is a necessary part of foreign economic development. It is impossible to have any real economic development, unless the countries themselves have governments that can maintain stability and the conditions under which investment and business development are possible. More than that, it is quite impossible to have the kind of economic progress which is the essential measure of economic development without training skilled and semiskilled workers, administrators, teachers, and technicians. As Mr. Mann's letter makes clear, this has already been usefully undertaken under some aspects of the use of foreign currencies. The record should be made even clearer that this use has a priority for attention and support not only by the State Department and the International Cooperation Administration, but by the Congress which has provided in Public Law 480 local currencies such a valuable tool in helping others to help themselves and ultimately reduce the burden which this country presently carries for the free world through its aid and loan programs. I would like to quote the last paragraph of Mr. Mann's letter to summarize one

other related point, covered by the Senate amendments which the Department welcomes:

"The Department has a particular interest in the utilization of Public Law 480 foreign currencies for its educational exchange program. It would like to extend those uses as provided in S. 3420 as passed by the Senate. Section 2 of the Senate bill will permit more effective use of these currencies for educational exchanges and assistance in support of American educational institutions and activities abroad. The Department will be glad to furnish such further detailed information as the committee may desire concerning the nature and contemplated scope of these activities."

The amendments which the Department supports are a very useful complement to the powers already available through the Public Law 480 act under sections E and G. The Senate amendments to 104H and 104K (sec. 2A and 2B, respectively, of S. 3420) are included as approved in this submission of the Department. Comments concerning the proposed amendments to Public Law 480 in these two sections H and K of 104 are also appended as annex A. It should be noted that K is a new section which the Senate proposes to add to the act.

The particular merit of these amendments is that they strengthen the American institutions which have done such valuable work in instances like the one at Bologna in Italy and the others in the less developed countries, like Roberts College in Turkey and the American University in Beirut, to name only 3 of the best examples out of 20 to 30 institutions of some importance which are contributing to the types of education in which the Under Secretary has expressed particular interest on behalf of the Department.

A very great authority on Turkey recently gave to me as his personal judgment an estimate that 50 percent of the important leaders of Turkey since the period of Ataturk, Kemal Pasha, had had some training at Roberts College in Istanbul. To increase the use of this college is very important, as has been recognized by grants already given, utilizing in some instances Public Law 480 funds. I am happy to say that American foundations have already made substantial gifts to Roberts College amounting to about a million and a half dollars in the last year. Very much the same thing could be said about the American University at Beirut, with the addition of the fact that some five to six hundred people are to be trained there and over 400 are now being trained from various parts of the Middle East, and chiefly from Moslem countries, including Pakistan with, I believe, a few from India and Indonesia. The vital necessity of training leaders who are able to detect and reject and counter Communist subversion and organization for each government, as well as training for technical and supporting services and industries, could hardly have a more vital contribution than is being made by these American-sponsored institutions. I have used them simply as probably the best known examples in that region.

It is equally important, however, to buttress the general economic development of all the underdeveloped countries by underpinning with education in selected national training institutes the material resources with the necessary human resources. The energy and character and skill of the people, and especially of their natural leaders, is the determining factor in defeating the systematic and insidious efforts of Communist encroachment and domination. Congress, from the earliest postwar studies which I know you shared in, Mr. Chairman, in the Colmer committee, and so did the former chairman of this committee, Clifford Hope, and others of those present members including Mr. Simpson from Illinois and, I believe, Mr. Poage from Texas, was insistent upon the necessity of providing the kind of training and background to help people help themselves as an essential prerequisite for effective American aid. It is, I think you most of all as the author of the Cooley amendment would agree from the record that has been produced in this committee and elsewhere in Congress, a losing battle to dump gifts on people who do not know how to use them. Nothing is more important than to create the kind of skills and basic attitudes and stability in the government that goes with training enough leaders, not only in management and administration, but in techniques that are necessary for a modern economy and for any adequate development.

The scope of the Russian effort to supply this sort of training to selected countries which they are trying to penetrate has now become genuinely alarming and is increasing. I would be glad to give some figures for the record on this if you desire. It is not only by sending thousands of Russian technicians who speak the languages and operate quietly and effectively to promote the kind of Moscow controlled order that Russia is developing in certain areas of the world, which I should prefer to discuss off the record, if at all. More than that, Russia



is beginning to offer to set up technical institutions and do large scale training of people from some of these underdeveloped countries not only in Moscow but on the ground as in Burma, for example.

If we fail to counter this effort in an adequate way, we can lose the cold war without having ever had a military engagement. The peoples of the world now split roughly into three camps: the 960 million people who are in one way or another dominated by the Sino-Soviet bloc, roughly one-third of the world's population; the 600 million people of highly developed countries of Europe, the British Commonwealth and Japan, nearly one-fifth of the world's population; and the final third group of about 1 billion people, 700 million of them of whom have achieved independence from western colonial control and 150 million of whom are still living under colonial status.

The fate of these two last groups may, of course, be decided if we default, by falling to Soviet military domination. But their future may also be decided and our own economic future along with it (and possibly our political future, too, as Mr. Khrushchev threatens) if we do not restrain this area of freedom for a considerable part of the vast natural resources of the world which these people occupy.

I would like to ask to append to the record annex B to this testimony the rationale of the use by ICA of Public Law 480 funds for education under 104 E and G. In essence, we hope that the committee will make clear in these hearings its support of the request of the Under Secretary of State for an expansion of the use of these funds, a high priority of national policy, for the kinds of education in particularly the underdeveloped areas that I quoted at the outset from Secretary Herter's letter.

May I summarize by saying that the Department supports the Senate amendments and hopes that this committee will incorporate them as an extension of the powers that are already available, particularly to the ICA under its economic development programs for aiding education abroad in selected countries where Public Law 480 funds are available. The authorizations of several sections, but particularly 104E, which contains the Cooley amendment and 104G for loans for economic development funds carry with them necessarily the ability to use those funds for the training without which these funds might be relatively ineffectively used.

It is our hope that the record of the committee on these hearings will make clear the congressional approval of this use, for the types of education purposes and economic development which will be possible under the existing act, extended for some cultural exchange purposes, these amendments proposed by Senate 3240.

I will close with a statement of United States policy which I am sure represents the consensus of all the agencies which are concerned with Public Law 480. The support of the Congress of the United States is essential to implement this policy in order to counter Communist penetration and subversion in these uncommitted and underdeveloped areas of the world.

#### POLICY STATEMENT

The United States must attempt to help others to help themselves. It cannot create strength without assisting in educating the human leadership that is necessary to the use of all material resources. To this end the use of the great instrument which Public Law 480 affords (under all three titles) in many areas of the world can help to produce stability and economic growth. Particularly in the underdeveloped areas of the free world, we must increase political stability by educating their leaders in the way that we have done in the Philippines, and Vietnam, as well as in South Korea. This calls especially for much expanded training, both in administrative and technical skills and in the other requisite education, particularly to produce the high level manpower that can achieve in the long run, broader progress. This is both the best and the cheapest help we can give them. It calls further for special sustained efforts at least to help in educating a growing number of technically competent civilian and military leaders for these countries, capable of resisting Communist subversion and penetration.

In the long run, we must have not only the support for the top layer of leaders—this now too thin layer in these ex-colonial countries. We must have an education system that helps to avoid the failures of a government that cannot deal with the simplest matter of public administration or of appropriations control through its legislators and of public finance and taxation and budgets.

In other words, we are going to have to assist in creating modern techniques and technology and to that end bring to bear help in training them to run a modern system through better use also of public information as well as general organization. We have not, perhaps, adequately used the resources of the mass media of communication—for example, the use of movies, TV, and radio. This is an area in which we still have marked superiority over the Soviet in the possibility of their intelligent use, provided we help the leaders of these countries themselves to understand their use.

Mr. Chairman, I have, I hope, not imposed on your time. I am open for questions, and so are the gentlemen with me, whom I introduced. I hope also that I have conveyed to you not only the genuine concern of the State Department but of the whole executive branch of the Government to carry out what was originally a mandate from Congress itself, namely, to help others to help themselves. This is the surest way to reduce the burden that we have to carry by getting others to take up their own burdens and help us ultimately with ours. A prosperous and free world can only result if we tackle it on this scale and with the necessary determination. Public Law 480 can afford a great engine for this self-help in the cold war—the protracted war of free against slave systems.

#### ANNEX A. COMMENTS CONCERNING PROPOSED AMENDMENTS TO PUBLIC LAW 480, SECTIONS 104 (H) AND 104 (K)

##### EXCHANGES UNDER 104 (H) (SEC. 2 (A), S. 3420)

1. The amendment to section 104 (h) as contained in section 2 (a) of the Senate bill (S. 3420) authorizes the use of foreign currencies generated by title I sales in financing exchanges under Public Law 402, 80th Congress (Smith-Mundt Act). These currencies are now available for exchanges under Public Law 584, 79th Congress (Fulbright Act), and this proposed amendment simply permits their use to help finance exchanges of urban and farm youth and leaders and specialists in such fields as agriculture, labor, and industry. The amendment is needed because the existing law restricts use of the funds to participants who are engaged in academic activities and are affiliated with an educational institution.

##### LEADERS AND SPECIALISTS—TEEN-AGERS—FARM YOUTH

Experience with the exchange-of-persons program over the years indicates that there is much merit in bringing well-selected leaders and youth to the United States to witness, at firsthand, our democratic way of life. This program has been highly effective in winning friends, respect, and understanding for our land and our people. At the same time, it develops knowledge and skills that can be applied in the improvement of the home countries of the participants. Through this proposed amendment, the Department could finance the transportation costs of about 200 leaders and specialists and about 170 highly impressionable urban and farm youth from countries where these foreign currencies could conceivably become available.

##### ASSISTANCE UNDER 104 (K) (SEC. 2 (B) OF S. 3420)

2. The addition of the new subsection (k) permits:

(a) Assistance to existing American-sponsored educational institutions abroad, with special reference to those engaged in vocational, professional, scientific, and technological education. These institutions can play an important role in helping the people of other countries to help themselves. The proposed amendment would enable the Department to aid American-sponsored schools, such as the American school in New Delhi. This school and others like it could, through foreign-currency assistance, expand their facilities to accommodate substantial numbers of foreign students, and thus have a greater impact in gaining understanding and respect for us abroad.

(b) Financial assistance in support of seminars abroad in American subjects: The proposed amendment would permit the bringing together of American teachers and professors abroad to give intensive instruction and training to foreign nationals in subjects such as American history, literature, and language. The cost of bringing together groups of foreign teachers of English or American history for such instruction will be relatively inexpensive compared with the cost of bringing them to this country. At the same time, use can be made of the facilities of foreign governments and institutions.



The Department has already aided seminars to some extent when held in American-sponsored institutions and it has assisted by making available for the short periods of the seminars American professors or scholars already abroad on exchange grants. The Department would continue this where possible, but in addition it could support, under this amendment to section 104 (k) amendment, a number of desirable seminars in Public Law 480 countries where funds might become available. These special conferences can be held at a very modest expense, in view of the fact that the participants are generally from the country in which the conference is held or from a neighboring country, and the American lecturers are selected from American professors, lecturers, and researchers already in the host country or in neighboring countries under the Smith-Mundt and Fulbright programs. The principal costs, therefore, would include administrative costs of the conference, living costs for participants attending the conference, and travel costs for lecturers or participants from neighboring countries. Much could be accomplished at a modest cost, totally in foreign currencies.

(c) Financial assistance in support of chairs of American studies in selected educational institutions abroad will help to meet a real need. Opportunities exist for placing American and American-trained teachers and professors in educational institutions abroad. As teachers assigned to these schools, they will have a continuing effect in the educational process of foreign nationals. This will provide a means, and in many cases perhaps the only means, of giving these people some understanding of the United States and our culture.

The Department believes that through the establishment in foreign educational institutions of professorships and teaching positions for subjects pertaining to the United States it would be able to implement projects which would engender binational support and produce, over the years, a cumulative effect toward an ever-increasing understanding of the United States. For example, this requested amendment would permit the Department's working with a foreign university, in a country where a Public Law 480 agreement has been negotiated, in establishing a "Chair of American Studies" and filling it with an American or a foreign professor trained in the American way.

#### ANNEX B. USE BY ICA OF PUBLIC LAW 480 FUNDS FOR EDUCATION, SECTION 104 (E AND G)

##### I. RATIONALE

##### *A. Basic assumptions*

The basic resource of any country is the energy, character, and skill of its people. Little can be done with material resources until this basic resource is brought to a level of development where skills and motivations are sufficient and basic attitudes are appropriate to carry through and maintain economic and political progress. To achieve successful development, developing countries must reshape their fundamental social institutions to—

1. Make educational opportunity widely available.
2. Achieve good public administration under a government responsive to the needs of the people.
3. Stimulate individual and group initiative and harness it to the advancement of the general good.

##### *B. The relationship of education to economic development*

1. No country can undertake industrial development without an adequate supply of skilled workers to support such development. It is the task of the educational system to produce these skilled workers.
2. No country can develop its natural resources without trained professionals in the field of agriculture, engineering, and science. A country must look to education to produce such professionals.
3. No country can achieve economic development without a corps of well-trained administrators and managers. Education must accept the responsibility of training such public leaders. Consequently, ICA would use Public Law 480 currency for nondollar costs of educational projects in the same general fields covered by dollar-financed projects.

##### II. EXPANSION AND SHIFTS IN EMPHASIS

Expanded teacher education programs are indicated if we are to seriously attack the basic problem and if we are to keep pace with the growing demands for more and better education at all levels. To do this we must place increased

emphasis on the following examples of fields of activities where Public Law 480 funds would be a valuable supplement to present ICA projects:

1. In-service teacher training programs in order to upgrade the overwhelming numbers of teachers who are inadequately prepared.
2. Preservice teacher training programs in order to supply an adequate number of trained schools administrators and teachers.
3. Secondary teacher training programs in order to—
  - (a) Raise the level of educated citizenry to provide informed participation and leadership in the newly independent nations, bridging the gap between the elite and the masses of people.
  - (b) Prepare candidates for colleges, universities, and the new scientific and technical courses on a selective basis and approved standards.
  - (c) Help eliminate subversive foreign nationals who dominate the high-school staffs in some countries.
4. Making teaching more attractive by means of—
  - (a) Provision of incentives which will stimulate retention and growth of staff able to train others.
  - (b) An accelerated building program which would include not only classrooms but housing for teachers where necessary, especially for American or other technicians and specialists.
5. Greater attention must be given to developing and encouraging long-range planning, definition of problems, better organization and better administration.
6. Urban as well as rural: higher and secondary as well as primary education must receive more attention in order to insure well-balance impact will be made.
7. Regional conferences and workshops: Programs of leadership training should be encouraged for Ministry personnel, supervisors, inspectors and heads of institutions and private organizations.
8. Increased production and utilization of educational materials: Greater emphasis should be placed on the production of flexible materials, such as booklets, experience charts, and school newspapers as a means of meeting the widespread need for educational materials. Films and TV and radio should be used in appropriate instances, particularly for teacher training.
9. Higher education: We need to direct attention to improvement of college and university administrative practices as well as to upgrading of departmental academic work. In the "battle for the minds of men," greater emphasis needs to be given to education at this level, in science, in government, in economic and political affairs.
10. Women and youth: Much more emphasis should be given to the educational needs of women and out-of-school youths in these rapidly developing nations.

The CHAIRMAN. Mr. Smith, we shall be glad to hear you make any statement you may desire to present now.

Mr. SMITH. I think Mr. Hill asked me a question off the record about cooperation from other countries. Shall I answer that first?

The CHAIRMAN. Do you wish to go off the record? I think it might be better.

Mr. SMITH. All right.

(Discussion off the record.)

Mr. DIXON. What are the advantages of immediate action on this bill and also of extending it until 1960 instead of just for 1 year?

Mr. HILL. I asked that same question awhile ago and Dr. Elliott answered. I thought you were here.

Mr. ELLIOTT. I tried to.

Mr. DIXON. You did not mention about extending it to 1960.

Mr. ELLIOTT. I tried to answer that, sir, but I may have left out the answer to the latter part of your question. I would be glad to be explicit. I do not know what the Department position on this is and I am not in position to testify for the Department on this because it is outside my briefing on it. Mr. Mann or somebody would have to give you the official view about extending the act to 1960. But per-



sonally I can see nothing wrong with facing the obvious facts of life that we are going to have farm surpluses as far as anybody can reasonably foresee for some time.

It would seem to be better to have a considered policy to plan on for several years. It seems to me the planning aspect of this thing is very important to counter what we are up against with the Russians. I know Mr. Smith has this problem, and I am sure Mr. Riley could testify to his annual worries about getting people who can go abroad if he has to tell them in June or July when they are going. They cannot make plans. This kind of thing on a longer term basis would be helpful.

As to the immediacy of it, I thought I was categorical in my answer to Mr. Hill; yes.

Mr. DIXON. May I hear a statement from Mr. Riley about his inconvenience on any further delay?

Mr. RILEY. We have of course certain provisions in Public Law 480 now that we use in the educational exchange program. These particular provisions in section 2 (a) of S. 3420 are additional provisions which will permit us to get into the nonacademic type of exchanges, farm youth, teen-age program, agricultural leaders, people like that, and also the second part of section 2 dealing with the seminars and aid to schools will get into the very thing Congressman Poage was talking about, teaching English, English seminars, and so forth.

Mr. DIXON. Are you setting up those plans now assuming we might pass it?

Mr. RILEY. Yes; we are getting in touch with our embassies throughout the world, finding what schools can be aided under these provisions, what schools are eligible for the aid and making plans of that type. We are anticipating it.

Mr. DIXON. Under Fulbright you have to deal with school-connected people, students or faculty.

Mr. RILEY. That is correct.

Mr. DIXON. One of the amendments you would like us to put in this bill is that you be permitted to take farm youth, for instance, from foreign countries and bring here and our farm youth and send to other countries; is that right?

Mr. RILEY. That is correct. That is in section 2 (a).

Mr. DIXON. You do that through the amending of this bill through the Smith-Mundt Act.

Mr. RILEY. Yes. I think it is imperative because these agricultural surpluses are building up, foreign countries are interested in the exchange provisions of the agreements and to the extent we can extend them to the nonacademic it is very desirable.

Mr. POAGE. Would you yield?

Mr. DIXON. Yes.

Mr. POAGE. Would you do that now whether under this program or another? I want to be clear on what the program is. I have seen in a number of foreign countries, met American farm boys there, living there a year. I know they send some here. Under what program is that carried out?

Mr. RILEY. Those are private programs. They are having considerable difficulty in buying international transportation. Our aim is to help these private programs, international farm youth exchange, to

offset some of the transportation. It is expensive to bring an Indian boy here and send an American boy to India.

Mr. DIXON. Another section in the Senate amendment is that you can take industrial leaders, leaders of any type, even though not school connected, and exchange them.

Mr. RILEY. That is right. For example, the Minister of Finance who was mentioned or the chairman of the Agricultural Committee. Those people are now brought on appropriated dollar funds. Our hope is we may use 480 funds for these short-term, high-level exchange travels. We can do it now where we have the Fulbright program where we have an executive agreement with the Government, but we cannot handle the leader and specialist and teen-age type of thing under the Fulbright program.

Mr. DIXON. This people-to-people communication is the very thing we want to help win the cold war and bring about peace, is it not?

Mr. RILEY. Yes, sir; it is. It helps set up a climate in these countries that is friendly toward the United States by and large, certainly better understanding. I talked with a very prominent newspaperman from Rhodesia 2 days ago, had lunch with him. He was talking about the resources of north and south Rhodesia where he is from. He said, "I am sophisticated, I am well read, I have read a lot about America, but unless I came here and saw the country I just could not realize it. I do not agree with some of the people in this country, but I understand them and I can certainly report and do my editorial writing much more intelligently."

Mr. DIXON. Another amendment is to aid these American schools to give them a big boost.

Mr. RILEY. That is right. These vocational and other schools.

Mr. DIXON. Like in Turkey?

Mr. RILEY. That is right.

Mr. DIXON. And to establish workshops to teach our way of living in all those foreign countries?

Mr. RILEY. That is a simple amendatory provision. It is in this new 104 (k) proposed in section 2 (b) of S. 3420. That would permit, where we have Americans abroad now teaching under the various programs, bringing them together at a central point, and bringing the teachers of those countries together for a 3- or 4-week seminar on English language or other subjects, to save the cost of transporting those people here. This is something we could do with foreign currencies completely and put these agricultural surpluses to what I think is very good use.

Mr. DIXON. And establish chairs in the universities for teachers of American history and social science, et cetera?

Mr. RILEY. Yes, use our own American-sponsored schools and institutions and support also these chairs of American studies in the national schools. It is a very desirable provision.

Mr. DIXON. Do you know of any opposition to these amendments from any Government agency?

Mr. RILEY. I do not. In connection with the question asked earlier about how much of this should be charged to the State Department, this committee will be interested in the fact that we bring before the House Appropriations Committee a statement of the money we expect to spend and they take that into consideration in making our annual appropriation.



Mr. ELLIOTT. I think Mr. Poage will be particularly interested in this. Mr. Riley knows more about it than I, and can add points in answer to Mr. Poage's question that I could not answer.

Mr. RILEY. Only yesterday when Mr. Cannon's committee reported out the educational exchange bill, the report mentioned these Public Law 480 currencies. The committee takes cognizance of them. The budget schedules we submit to the Congress are considered in great detail by the subcommittee, Mr. Rooney's subcommittee. The committee knows dollar for dollar, country by country, exactly where these 480 funds are being used. While they are not subject to appropriation, the committee takes them into consideration, the report mentioned them, specifically the one that came out yesterday.

Mr. DIXON. I would like to ask if either Dr. Elliott or Mr. Smith knows of any opposition to these amendments and if their Department is wholeheartedly in favor of all these five suggestions in the form of amendments to the Senate bill.

Mr. ELLIOTT. Those sections we just talked about, yes, sir; I know of none whatever. I gather their passage was unanimous in the Senate.

Mr. RILEY. Unanimous in the Senate.

Mr. DIXON. Thank you.

The CHAIRMAN. Mr. Smith.

Mr. WINT SMITH. I want to make a speech, but I will not. I wish to acquiesce in what Mr. Poage said about teaching English in Puerto Rico. They cannot even talk to you in English in the university down there. It is a strange thing to me that in Puerto Rico you always see the American flag about a foot lower than the Puerto Rico flag on another flagpole.

You go to the Virgin Islands. We have had them a comparatively short time, but in every shop window you see "Hable Espanol." All the natives speak it. There must be reason for it. Puerto Rico is the greatest place where socialism has failed of any place in the world that I know and the American taxpayer put it in and they are still operating down there.

Mr. Smith, when you say the American taxpayer has been taken for a ride down in Puerto Rico, I did not read this from books, I have been there to see it.

Mr. ELLIOTT. I think Mr. Smith of ICA has made clear that the ICA does not have any responsibility for Puerto Rico and that he is entirely sympathetic to teaching English. Could you let him make his testimony?

The CHAIRMAN. Yes, proceed with your statement.

Mr. SMITH. I appreciate very much this opportunity to make a brief statement in connection with Mr. Herter's letter which I am here to support, although as Director of ICA we do not have a direct interest in the legislation. ICA already has the necessary authority.

However, the effort which the State Department will make under this proposed legislation supplements some of the work ICA is doing and this additional effort on the part of the State Department we consider very important. It deals principally with education as you know.

We have found in our efforts to build up the economy of the various countries in which we are working, we found that education is the

essential base. In some countries there are already educational facilities available, many of which, I think we should be very proud to acknowledge, were originally sponsored by American interests.

However, a lot of those facilities have run down and deteriorated to a considerable extent due to the ever increasing costs of running educational institutions. The libraries are running down, the books are in bad shape, there are not as many books as are necessary for the students in the various universities. The laboratories are in somewhat the same condition. I have seen this personally at several of the universities which are American-sponsored and which bring us a great reputation abroad. I am thinking particularly of Roberts College in Turkey and of the American University at Beirut among others.

I feel we can do a tremendous job there by helping out in renewing their physical facilities.

In other countries, the less developed or newly independent countries of the world, there are practically no educational facilities. Yet if we in ICA, using the funds which Congress has appropriated to help these countries develop their economic independence, we must develop the educational base there from which the general economy can spring. I think this is really the essential foundation to our work, that is, a broad educational base.

Finally, I strongly believe that in these days where so much of the world's attention has been unfortunately focused on military armaments, there is a wonderful opportunity for the United States to go ahead and continue its lead in sponsoring education throughout the free world. I believe we can generate a fine and great renewed effort in the educational field.

I do not feel that this is something that comes out of the Soviet work of recent months and years in this field. I think it is something that is traditionally American. We have been well ahead of the Soviet in the field. We started this many years ago. I think it would be a fatal mistake on our part to let the Soviet get anywhere near us in this activity.

I also feel very certain that with a modest initiating effort on our part in many of these countries we could generate a very much larger and long-term effort on the part of the countries themselves. This is in keeping with our principle of stimulating self-help in these newly developed countries.

I thank you very much for this opportunity to say this.

The CHAIRMAN. We thank you for your appearance. Any further questions?

Mr. DIXON. Two years ago I believe Mr. Riley appeared here and asked for a little liberalization in the Fulbright Act. I believe maybe in 2 minutes he could give us a summary of how this has borne fruit, first concerning the number of additional countries that it has reached and those he plans to have it reach, second the number of Fulbright fellows and scholars appointed and any other projected programs that he might have under that liberalization.

The CHAIRMAN. We shall be glad to hear from Mr. Riley.

Mr. RILEY. I am delighted to talk to this point because 2 years ago this committee did authorize the use of Public Law 480 funds for the Fulbright program. Since that time, \$18 million have been allocated to the Fulbright program, which is an exchange program of



students, teachers, professors, and advanced research people. This \$18 million we plan to spend over an 8-year period. We spent \$75,000 in 1956; we spent \$937,200 in 1957; this year we are spending \$3,253,000 in 14 countries; and next year we are planning to spend \$5,725,000—these are in foreign currencies—in 23 countries.

Mr. POAGE. You have been sending American students to foreign countries?

Mr. RILEY. We have been sending American students, teachers, and professors and bringing people here also.

Mr. POAGE. We cannot bring them here?

Mr. RILEY. We pay the international travel and the universities and schools in this country pay their other expenses, by and large. In my budgeting for the foreign professors I budget for only 34 percent of the cost, and most of that is in foreign currency. The other 66 percent is borne by our colleges and universities. And all of this is taken into consideration by the Appropriations Committee in making our annual appropriation.

As we see it right now, we will be spending in the neighborhood of \$5 to \$7 million a year of these Public Law 480 funds for the Fulbright program which was authorized by this committee a couple years ago.

The CHAIRMAN. You are putting a burden on our own institutions.

Mr. RILEY. They like it.

The CHAIRMAN. I did not ask that. You are putting a burden on our educational institutions and what benefit is derived by the institutions themselves?

Mr. RILEY. That is an interesting thing and something I have thought a lot about, and I get a lot of reports on it from colleges and universities. I was out at the University of Kansas a few months ago and Dr. Murphy, the head of that university, was talking about the number of foreign students there. He said the fraternities and sororities were giving them board and room and various local organizations were giving them spending money. By and large the institutions like these foreign students for the reason they enrich the institution, they are good people to speak before the Lions Club, PTA, and so forth.

Mr. POAGE. Does not the larger number of these foreign students go to Western and Southern institutions?

Mr. RILEY. I furnished a very detailed report to the Congress about a year and a half ago on that.

Mr. POAGE. I do not want to know what the report says. I want to know if that is true that the larger number of the foreign students go to western and southern institutions.

Mr. RILEY. They do.

Mr. POAGE. And the larger percentage you send abroad come from northeastern institutions?

Mr. RILEY. They do not.

Mr. POAGE. You did put out a detailed report on that a couple years ago and you showed—I forget what the figures were, but New York had about 200 and Texas about 15 when Texas should have had about half as many as New York. Is that not correct?

Mr. RILEY. That is substantially correct but not exactly correct. The facts are that our distribution of both foreign and American students follows very closely the distribution of educational institu-

tions in the country. Naturally in a place where you have many universities you have a bigger percentage, and where you have fewer universities you have a smaller percentage.

Mr. POAGE. That is undoubtedly correct, but it is like two men who owned a cow and one wanted the back half to do the milking and the other would have the front half and have to do the feeding. Is it not true the southern and western institutions are doing the feeding whereas the eastern institutions are doing the milking?

Mr. RILEY. That is not correct.

Mr. POAGE. Let us see what the figures show.

Mr. RILEY. I do not have the figures with me but I am thoroughly familiar with the subject and the percentage of people who apply and get grants is just as favorable in the State of Texas as in New York, both going and coming. As a matter of fact, we have a man on the Board, Bob Storey of SMU. He is on the Fulbright Board that does the selecting.

Mr. POAGE. That does not prove anything.

Mr. RILEY. That proves we have distribution on our Board and the thing that you are worrying about just does not exist.

Mr. POAGE. If in fact it is true that there are—I do not remember exactly what it was but it was something like 10 times as many from New York as from Texas—there is no such difference in population. New York is less than twice the size of Texas populationwise.

Mr. RILEY. There is this difference, and this is where you have to draw your correlation: If those figures you gave are correct, I lay you 10 to 1 the educational institution population of New York is 10 to 1 over Texas.

Mr. POAGE. If it is, I have no complaint. The ratio is probably higher in the East, the percentage of the population that attend college, but I doubt that there is any such disparity as shows up in these figures. Let us get the actual figures. I do not mean to say you are necessarily wrong, but certainly I am wrongly informed if some great disparity does not exist, and I think it does exist, and if it does exist then I hope you will do something about it.

Mr. RILEY. It existed at the beginning of the program very definitely, and we worked very diligently to get the spread. Eighty-five percent of the foreign students depend on scholarships, so the institutions that give the scholarships get more of the foreign students.

Mr. POAGE. You have just told us the percentage that go to southern and western universities is larger than the percentage that go to the eastern universities, yet the eastern universities can better afford to take care of foreign students than the southern and western universities. The eastern universities are not carrying the burden.

Mr. RILEY. If what you say is true they are not carrying the burden. We have to depend on the institutions to support these foreign students.

Mr. POAGE. You just told us the larger percentage of these foreign students went to southern and western universities?

Mr. RILEY. Yes, sir.

Mr. POAGE. Then it is putting the burden on these southern and western universities out of proportion.

Mr. RILEY. They are asking for it.

Mr. POAGE. That may be true, but they are carrying the burden. In other words, the rich and the wise and the good in New England—



Mr. HILL. Leave off the last.

Mr. POAGE. That is what they said.

Mr. RILEY. I was born and raised west of the Mississippi, so I can see your outlook. We are doing everything we can and I commend that report to you to read because it is a very detailed report, and after we submitted it the question was raised in the Senate Appropriations Committee and we got a pat on the back for it, which we seldom get from an appropriations committee.

Mr. POAGE. This committee has a responsibility as well as the Senate Appropriations Committee and I want to see where it stands now. I do not mean for you to tell us right now, but you can tell us later where we stand right now.

Mr. RILEY. I certainly can. As a matter of fact, within 6 weeks you will get another semiannual report on this.

Mr. POAGE. I wish you would find out and insert for our record substantially where these students are located, both the foreign students, where they come from, and where the American students come from that go abroad.

Mr. RILEY. With pleasure.

(The data referred to above are as follows:)

#### DEPARTMENT OF STATE INTERNATIONAL EDUCATIONAL EXCHANGE SERVICE

The table which follows shows the number of United States citizens, by State, who received grants under the international educational exchange program to study, teach, lecture, or conduct research abroad during the 1957 fiscal year. Also shown is the number of foreign nationals placed in each State for similar educational purposes.<sup>1</sup>

Grants to United States citizens were awarded on the basis of nationwide competitions. The distribution of grants by States is directly related to the spread of applications, which are submitted by individuals in the States. In this connection it may be noted that residents of the New England and North Atlantic States and the District of Columbia accounted for 2,886 of the 7,149 applications received (40 percent) and were awarded 610 of the 1,563 grants made (39 percent). Residents of Texas presented 195 applications and received 31 grants—in other words, about 1 out of 6 applicants were successful. This ratio compares favorably with residents of New Jersey who presented 299 applications and received 52 grants, residents of Pennsylvania who presented 383 applications and received 66 grants, and residents of New York who presented 1,246 applications and received 257 grants—in other words, about 1 out of 5 applicants were successful.

The chart also shows that institutions in the New England and North Atlantic States and the District of Columbia received 1,053 of the 2,697 foreign grantees (40 percent). In considering the ratio between the number of United States citizens from each State who received grants and the number of foreign nationals placed in each State, it may be noted that Texas (31 United States grantees, 86 foreign grantees) compares favorably with such States as Massachusetts (86 United States grantees, 242 foreign grantees), Michigan (54 United States grantees, 177 foreign grantees), and the District of Columbia (22 United States grantees, 69 foreign grantees).

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<sup>1</sup> The chart does not include a tabulation of leaders and specialist grantees, since they do not usually carry out their work at educational institutions.

## INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES

*Fiscal year 1957 analysis of guaranties by: (a) State of residence of American citizens; (b) States in which foreign nationals carried out their projects*

State or Territory	United States citizens, grants for—				Foreign nationals, grants for—			
	University study	Teaching	University lecturing or advanced research	Total	University study	Teaching <sup>1</sup> and teacher development	University lecturing or advanced research	Total
Alabama.....	5	3	3	11	5	2	3	10
Arizona.....	1	5		6	8	4		12
Arkansas.....	10	1	1	12	8		1	9
California.....	62	52	61	175	116	28	61	205
Colorado.....	12	2	2	16	30	20	5	55
Connecticut.....	24	12	16	52	56	9	19	84
Delaware.....	3	2	2	7	2	2	1	5
Florida.....	13	5	7	25	15	4	2	21
Georgia.....	9		2	11	10		1	11
Idaho.....	4	1		5		1		1
Illinois.....	41	12	26	79	127	47	31	205
Indiana.....	18	9	17	44	74	7	11	92
Iowa.....	13	6	8	27	27	2	2	31
Kansas.....	14	5	5	24	62	3	1	66
Kentucky.....	7	3	7	17	8	2	2	12
Louisiana.....	10		3	13	16		6	22
Maine.....	4	6	1	11	9	1		10
Maryland.....	16	4	6	26	21	2	20	43
Massachusetts.....	48	17	21	86	160	29	53	242
Michigan.....	18	13	23	54	81	74	22	177
Minnesota.....	20	8	13	41	54	3	12	69
Mississippi.....	7	1	2	10			1	1
Missouri.....	9	5	6	20	35	2	6	43
Montana.....	7		1	8	4			4
Nebraska.....	6	3	4	13	11	1	1	13
Nevada.....	2	1		3				
New Hampshire.....	5	3	2	10	5	1		6
New Jersey.....	29	9	14	52	35	26	21	82
New Mexico.....	6		4	10	4			4
New York.....	155	31	71	257	268	29	68	365
North Carolina.....	14	10	6	30	32	2	5	39
North Dakota.....	2		1	3	1			1
Ohio.....	28	9	14	51	71	28	10	109
Oklahoma.....	14	3	2	19	8			9
Oregon.....	9	4	7	20	30	1		30
Pennsylvania.....	31	13	22	66	93	5	25	123
Rhode Island.....	5	2	5	12	9	2	6	17
South Carolina.....	4	2	3	9	3	1		4
South Dakota.....	8	2	1	11				
Tennessee.....	7	6	4	17	24	23	2	49
Texas.....	14	4	13	31	48	30	8	86
Utah.....	5	1	4	10	12			12
Vermont.....	5	2	2	9	4	3		7
Virginia.....	12	5	8	25	19	8	1	28
Washington.....	6	18	9	33	37	41	5	83
West Virginia.....	8	1	1	10	4	1		5
Wisconsin.....	27	7	11	45	44	2	14	60
Wyoming.....	3	1	1	5				
Alaska.....	2	1		3			2	2
District of Columbia.....	12	5	5	22	33	31	5	69
Hawaii.....	1		5	6	1			1
Puerto Rico.....					5			5
American residing outside United States.....	1			1				
Combination of States (foreign).....					9	12	37	58
Total.....	796	315	452	1,563	1,738	489	470	2,697

<sup>1</sup> Represents States in which grantees taught for a year in elementary or secondary schools or spent 3 months of specialized training at universities.

Mr. HILL. In my own school at Fort Collins, now called the Colorado State University, there are a number of teachers, not only professors but teachers, going abroad.

Mr. RILEY. That is correct.

Mr. HILL. You should show that in your report.



Mr. RILEY. I will show the entire population going and coming.

Mr. DIXON. Mr. Chairman, if I might ask for another bit of information, how many did you have in the exchange program in 1957 and 1958, and how many do you estimate for 1959?

Mr. RILEY. Are you speaking of only the Public Law 480 part or the entire program?

Mr. DIXON. I know it would be hard for you to figure the Public Law 480 alone, but take your entire program.

Mr. RILEY. I can give you that. The total exchange program in fiscal 1957 was 6,326.

The total exchange program in fiscal 1958 was 6,352.

The total exchange program contemplated in fiscal 1959—and I am happy to say that I think we will be able to carry it out because the House Appropriations Committee recommended every dollar that we asked for this year; it is the first time that ever happened and I am delighted with it—6,463.

Mr. HILL. Will the gentleman yield?

Mr. DIXON. I will yield.

Mr. HILL. This percentage you mentioned a while ago, you are really paying only 34 percent of the total cost of students and professors that come and go under this program? Is that correct?

Mr. RILEY. That is not correct, sir. What I said, Mr. Hill, was that of the foreign professors who come here I budget for 34 percent of the total cost. That is for the foreign professors.

Mr. HILL. What about the students?

Mr. RILEY. In the foreign-student program I budget for 45 percent of the total cost.

Mr. HILL. Just now at this particular time the Rotary Club at Fort Collins is schooling a New Zealand boy. He is a high-school student. Do you take care of any part of his expense?

Mr. RILEY. Today we do not. We do not have a high-school program in our program. It is contemplated under section 2 (a) of S. 3420, one of these amendments that I am very much in favor of having passed, where I mentioned the teen-age program—

Mr. DIXON. That is an amendment to this bill?

Mr. RILEY. Yes; it is an amendment to section 104 of the present law. At the present time there are several national organizations working in this teen-age program. We are now helping them but very, very little in their general stateside expenses, and we are asking permission to use Public Law 480 currency for international travel of some of these people.

Mr. HILL. I happen to know personally about this young student, who is a sophomore or freshman in high school, and he is doing wonderful work and is getting experience so that when he returns to his home, which he will, he will be an ambassador of good will, in my opinion, as long as he lives, which should be a good many years because I think he is just a freshman.

Mr. RILEY. And the city of Fort Collins is paying his expenses and he is living with a family? I do not know the case but I know how it operates.

Mr. HILL. I know the case because both my son and my son-in-law have had him 1 month each, and I know 2 other families that have had him 1 month each, so that would be 4 months that I know of,

and it has been very wonderful for them. He can speak good English, although he has a little brogue and it is very wonderful for the families. The families get an idea of New Zealand that they could never find in a book.

Mr. TEWES. While I have supported these programs and intend to, I come from Wisconsin where there is among my people a certain skepticism about this, and nothing makes me shudder more than to hear that some privately supported program is being taken over by the Government.

Mr. RILEY. It is not.

Mr. TEWES. I understood you to say this International Youth Agency was experiencing difficulty in providing international transportation and that your proposal was to have the Government take it over?

Mr. RILEY. No, sir. The International Youth Exchange in some cases is having trouble getting kids who can pay their way here, or getting some way to pay their transportation here, and we would like to give them some assistance. I would venture to guess we might pay as much as 5 or 8 percent of the total transportation cost, but it is just enough help to really assist them in keeping their program going. We do not plan to take it over at all.

Mr. TEWES. That is what is needed today. Next year it will be 15 percent, and then 25 percent.

Mr. RILEY. This thing does not work out that way. When I came in this program 61½ years ago the private support to our program was around \$3.5 million. Today we estimate it at about \$16 million; that is private support to the exchange program. The people supporting the educational program who have testified say that what the Department is doing in this field encourages the enlargement of the private exchange program. I have as much respect for the taxpayer's dollar as you do.

Mr. TEWES. I am sure of that.

Mr. RILEY. And I think it is money well spent to encourage and inspire them. I have a small section in my office that does nothing but work with private programs. That does not cost anything except their salaries. We are not planning on taking anything over, I can assure you, but we will help, and I do not know of a better way to turn these surpluses into mutual understanding and good will and perhaps political impact than spending it in this program.

Mr. POAGE. Mr. Riley, we thank you very much for your appearance. I understand this will probably be your last appearance.

Mr. RILEY. I leave this program with a great deal of regret, but I am in the Foreign Service and I will have to go out to foreign service. I cannot stay a bureaucrat much longer.

Mr. POAGE. We have one more witness, and I think he stepped out.

Mr. DIXON. May I introduce Mr. Edgar, who will succeed Mr. Riley.

Mr. POAGE. All right, Mr. Edgar, we will be glad to hear you.

Mr. RILEY. Mr. Donald Edgar has been in the Foreign Service a number of years. He has been in our shop 3 months, and when I leave he will take charge of the international exchange program, and I certainly commend him to you.

Mr. EDGAR. Thank you.

Mr. POAGE. Since Mr. Edgar has stepped out, we will hear Mr. Whatley.



Mr. WHATLEY. I will be glad to be heard last. The members of the committee might wish to hear the other witnesses first, since they may have to leave early.

Mr. POAGE. The committee is going to have to adjourn before long. I had understood you were waiting a long time.

#### STATEMENT OF DAVID WHATLEY, BETHESDA, MD.

Mr. WHATLEY. Mr. Chairman, may I preface my remarks with the statement that since there is so much money at stake and a great many people are making a great deal of money out of Public Law 480, I am constrained to say I will submit to you an affidavit to say briefly that I have received no compensation from any source, either directly or indirectly, since the Lobbying Act was enacted, in connection with any legislative activities.

Mr. JONES. Mr. Chairman, will the witness identify himself and whom he represents.

Mr. WHATLEY. I represent no organization.

Mr. JONES. I do not know his name.

Mr. WHATLEY. David Whatley.

Mr. JONES. From where?

Mr. WHATLEY. From the Washington area, 7400 Arden Road, Bethesda, Md.

Mr. JONES. You are appearing as an individual?

Mr. WHATLEY. As a private citizen.

Secondly, before the Lobbying Act was enacted I received a total of \$125 compensation for over 25 years of activities in the field of legislation.

I would like to refer briefly to the question you raised with the previous witness, Dr. Elliott.

Mr. POAGE. Go ahead and tell us whatever you want to without any formalities.

Mr. WHATLEY. Since this question has been raised several times I would mention it; the question as to what appropriation these costs for reimbursing CCC should be charged.

This year and last year, before the Senate Appropriations Committee, I made a very simple proposal that the costs of reimbursing CCC for that portion of the operations of Public Law 480 that can properly be charged to programs other than agriculture, be transferred from the agriculture appropriation bill, to be subsequently inserted in the appropriations for the various agencies using the foreign currencies. In that manner the appropriation for the Department of Agriculture could next year be reduced about \$1 billion.

The amounts required for operations of Public Law 480 were broken down this year into two bills, as you know. The portion under titles I and II was included in the Second Supplemental appropriation bill, and donations under title III, as has been historically the practice, was included in the cost of operation of CCC, together with losses from cost of storage, handling, transportation, spoilage, and so forth, in the Department of Agriculture appropriation bill.

I suggest this could very simply be done by the Appropriations Committees in the next Congress.

The need for additional financing of education has already been fully covered by the witnesses from the Department of State and ICA. I will propose an amendment to facilitate this.

I testified before the Senate committee on this matter and found considerable support in the committee for my amendment. However, I did not at that time have the general concurrence of views of the executive branch, ICA, State Department, Agriculture Department, and the Bureau of the Budget which now seems to be indicated in their general approach to the use of funds for education, at least, by the request for clarification of the congressional intent.

I believe the field of public health has been as neglected, in the use of Public Law 480 currencies, as has education. The statistics are readily available and I will hand you a copy of a document for the committee files entitled "Counterpart Funds and ICA Foreign Currency Accounts." Most of these deal with counterpart engendered under the mutual security program. However, there is a summary table showing the broad categories of uses to which Public Law 480 funds have been put.

For Latin America, in fiscal year 1957 and fiscal year 1958 through December 31, 1957, out of a total amount of \$13,983,000 in 1958 and \$31,107,000 in 1957, there was a total of only \$614,000 used for health, and none for education.

There was none used in either period for either health or education, in any other region. Except for this \$614,000, no use has been made for such purposes under 104 (g) in any fiscal year.

Mr. POAGE. Without objection.

(The document referred to has been placed in committee files.)

Mr. WHATLEY. I would like to point out why this has not been done. I do not in any way ascribe any bad administration to Director Smith who, as Chief of ICA, has full jurisdiction over the administration of the funds for these general purposes, having been delegated that function by the President of funds engendered under 104 (e) and (g) and that portion under 104 (d) that relates to defense support. I would like to commend him on his forthright statement and the manner in which he is now moving in the field of human development. His interest in malaria eradication and public health projects has been indicated and I hope it will be continued.

But as a matter of law, that portion of the law which, as I recall, this committee accepted when it was included in conference with the Senate, the proviso at the end of section 104, virtually prohibits the use of these currencies for these purposes.

This proviso includes the provision that section 1415 of the Supplemental Appropriation Act of 1953 shall apply to all grants under Section 104 (d) and (e).

As you know, section 1415 prohibits the use of foreign currencies owed to or owned by the United States, except as appropriated by the Congress. The general waiving of this section at the beginning of section 104 of Public Law 480, was necessary to permit the operations of title I, and the securing of agreements thereunder. However, toward the end of the original enactment of this act, there was added this proviso which made an exception for all grants under subsections



104 (d) and (e), with the further proviso that the President was authorized to waive such applicability of section 1415 in certain cases.

However, the executive branch has construed the legislative intent of these provisos so strictly that the President has not been requested to waive the applicability of section 1415 except in two exceptional cases, to permit grants for economic development under 104 (e), and one case under 104 (d), that being the Ryukyus using Japanese currency.

Section 1415 does not apply to grants under 104 (c), which permits considerable grant assistance of a "defense support" character to a number of countries. But this assistance does not permit projects for public health, resettlement of refugees, and similar humanitarian or technical assistance projects, because of its restrictive character or the manner in which it has thus far been interpreted.

The report of the committee, if it accepts the language submitted by the State Department, I think will go a long way toward permitting liberalization of this interpretation by the executive branch, but it would still require a project-by-project submission to the Bureau of the Budget for the President's waiver of section 1415. That procedure, I submit, discourages the financing of projects of this nature which sometimes require only \$5,000 or \$50,000 in a particular country.

It is generally assumed that section 1415 does not need modification to permit grants for economic development, since the provisions under 104 (g) are seemingly adequate for this purpose. But after considerable study of the operations of title I, and after consultation with most officials in the Bureau of the Budget, State Department, ICA, and Department of Agriculture, who administer this program, I have learned that loans under 104 (g) are seldom available for any non-self-liquidating project directed toward improvement of health, literacy, or human betterment generally, because, in spite of the fact that these can be demonstrated as facilitating economic development more than any other expenditure would, the foreign governments do no request loans for these purposes, since they are non-self-liquidating and the governments cannot demonstrate, on a sound fiscal or financial basis, that they will afford a certain amount of increment in their national income within a certain period of time, to permit the repayment of such loans from the proceeds of the project.

The amount of loans that have been made under Public Law 480 for purposes of health and education, as I have indicated, is infinitesimally small. There has not been a single request for a loan under the Development Loan Fund, loans for dollars for malaria eradication, despite the fact the President has endorsed the program and it is a worldwide effort.

MR. POAGE. Is it not true that the United States is doing a good deal of that work directly for the people and we are paying for whole bill?

MR. WHATLEY. No, sir, Mr. Chairman. I submit a summary table, very small, to indicate the portion which the United States bears of the whole program, which is approximately 21 percent over a 5-year period. In spite of the \$23.3 million we put in the program this year and the budget request of \$25.6 million, there is required in addition

in the next fiscal year 1959 \$7.6 million which we hope the governments where the malaria is occurring will put up in addition to the amounts that they have already committed themselves to put up. That \$7.6 million may not be reached. In the one country, Pakistan, for instance, the Government, because of the inadequate revenue, is unwilling to go forward with a full program of malaria eradication. I submit in that particular country it may be possible to protect the whole of southeast Asia by merely allocating a couple million dollars for local costs of paying the salaries of spray teams who spray the DDT. The dollar costs are all that the mutual security program pays.

They do not, for public health projects or anything else I can think of, provide dollar costs out of mutual security appropriations to engender local currency. That has been done on some projects in Korea and places where the economy was at such a low ebb it was felt to our national interest to do so, but that is not usually the policy and the dollar costs only are funded for malaria eradication.

May I make this one point on malaria, and if you have any further questions on public health I understand the chairman has asked the Director of Public Health for ICA to be present to answer them, and I think he can correct any misstatements I made on this subject. In the case of malaria eradication, for each \$1 million spent by the United States at an annual per capita cost on an average of 20 cents, the United States portion of that being only about 10 cents, 10 million additional people will be protected from malaria for a year. In those areas where the programs are sought to be expanded, south and southeast Asia, for example, the prevalence of malaria is as high as 50 percent and the incidence of new cases 25 percent or more. Thus \$1 million will prevent 2,500,000 new cases.

The world rate of total cases to total deaths is one percent, or 2 million out of 200 million, which is much lower than that in the endemic malaria areas in which it is desirable to expand our efforts. 25,000 people as a minimum, will die for every \$1 million we spend on non-health projects rather than malaria eradication.

I endorse fully the Senate bill except for the last provision on long staple cotton, which is over my head. But the Senate bill is not adequate, in the field of education, to permit local costs to be financed for most technical education, or literacy training, as has been done so ably by Dr. Frank Laubach who, when I presented my suggestion to him, said this would be the answer to his prayers and the fulfillment of a lifelong work in the field of literacy training; 100 million people have been taught to read and write through his method. This type of person-to-person education cannot be done under the Senate bill.

The CHAIRMAN. You say cannot?

Mr. WHATLEY. Cannot, because that confines the aid primarily to only a few schools sponsored by American citizens—worthy as that purpose is, and I endorsed it before the Senate committee. These funds should pay the salaries of hundreds and thousands of foreign nationals which can be recruited by Dr. Laubach to teach literacy in assistance to our existing programs in education in many of the



underdeveloped countries that simply do not have the budgetary resources to permit them to expand even technical education, even agricultural education, which is so necessary.

The public health budgets in most of those countries are so low it is rather shocking, and we would like to change that, but we cannot tell them how to run their government and cannot tell them how to spend their money.

So if economic development has any validity—and I believe it has—I believe you will have to insert in the bill the amendment which I will read.

I suggest that there be inserted between the two provisos of the present law, section 104, this simple language which more simply does what the report that will be submitted by Dr. Elliott to be included in your report would do, and that would simply say:

Provided further: That section 1415 shall not apply to grants for projects that are non-self-liquidating and not suitable for loan and devoted entirely to the development of human resources and skills.

I submit that if there is objection to that, it can be limited to permit a maximum of 20 percent of the foreign country uses only so as to not dilute the amount that we receive back from the proceeds.

The CHAIRMAN. In other words, you favor the Senate amendment?

Mr. WHATLEY. Right.

The CHAIRMAN. But you want to broaden the scope of the Senate amendment?

Mr. WHATLEY. No, sir; I wish to add another amendment to which the Senate amendments are not addressed at all.

The CHAIRMAN. The Senate amendment does have reference to education.

Mr. WHATLEY. Yes, sir, but only to a very limited extent.

The CHAIRMAN. You said you wanted to broaden the educational aspects of the program so as to reach the masses of the people.

Mr. WHATLEY. And also public health projects which have not been touched upon at all by the Senate amendments.

The CHAIRMAN. You said no part of Public Law 480 is being used for public health improvements?

Mr. WHATLEY. I have found only one instance where a loan has been made for public health out of Public Law 480 currencies.

The CHAIRMAN. By what authority was that loan made?

Mr. WHATLEY. By 104 (g).

The CHAIRMAN. They have authority to make the loan, but you want to give them authority to make a grant?

Mr. WHATLEY. Yes, sir.

The CHAIRMAN. That is, a grant for health purposes?

Mr. WHATLEY. While you were out of the room, I covered the reasons for that, Mr. Chairman. The foreign governments do not request loans for these purposes, because they do not think these projects can assure them a certain increment of income and therefore a certain increase in revenue to permit repayment of such loans. Therefore, if grants are not made, these projects are seldom undertaken.

The CHAIRMAN. The President of the United States apparently was impressed with the importance of this idea because he actually referred to the elimination of malaria in all parts of the world; did he not?

Mr. WHATLEY. He did, indeed, and I commend him for it.

The CHAIRMAN. I do, too, but since he made that speech I have heard nothing else about it.

Mr. WHATLEY. Honestly, I believe in all humility, if I could have time to explain either to you or to the President or any member of this committee the reasons why you must succeed in your efforts both in the committee and on the House floor and in conference in broadening the interpretation of section 104 to permit grants to be made where necessary for these types of projects, or by the adoption of the amendment I have suggested, which I submit is much simpler because it does not require in each particular project its submittal, and the red-tape required to go through the Bureau of the Budget, and get a waiver of section 1415.

The CHAIRMAN. Mr. Whatley, will you do us the favor of preparing the amendment you suggest, and delivering it to Mr. Heimburger? You may collaborate with him with reference to the amendment.

Mr. WHATLEY. Yes, sir. I have already talked with him. I had other points, but the hour is late, and I will merely ask you to give consideration to this amendment also, Mr. Chairman:

Title II has been automatically extended year after year with title I. It is proposed in the Senate bill to be extended for 2 years. In consultation with the executive branch I find no objection to making title II permanent and putting it on the same basis as title III. The two dovetail together, and it is simply logical for administrative flexibility and simplicity and for other reasons that the title II program be made permanent with whatever annual limitation you might see fit to place on it.

I submit it needs to be expanded. The ICA has been using this authority only at the rate of approximately \$100 million a year, and less than \$500 million of the \$800 million maximum authorized by the Congress has been used to date. It could be used particularly for refugees pursuant to the amendment which you suggested 2 years ago, including the words "or extraordinary" to permit use of this on a government to government basis to assist refugees in a continuing status of need.

There are still millions of them that are hungry and need food, and we have over \$6 billion worth of it, and I think it should be shared before it further deteriorates.

Corn is in double the supply that it was 2 years ago in spite of the operations of Public Law 480 and the soil bank. Corn is spoiling fast, Mr. Chairman. I am very grateful for your attention and time, gentlemen.

The CHAIRMAN. Thank you very much.

We are delighted to have with us at this time our good friend and colleague, the Honorable Ralph J. Scott, of North Carolina.

Mr. Scott, we shall be glad to hear from you at this time.



STATEMENT OF HON. RALPH J. SCOTT, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. SCOTT. Mr. Chairman, I appreciate this opportunity to present my views to the House Committee on Agriculture to urge a continuation of the Agricultural Trade Development and Assistance Act.

This act, more commonly known as Public Law 480, is of vital importance and interest to the farmers and the general economy of the Fifth District of North Carolina, which it is my privilege and honor to presently represent.

Public Law 480 provides the methods and machinery for export of our agricultural surpluses—tobacco, cotton, and other important crops.

This program is good for our farmers and for our total economy. With wise administration it can be the best possible implement for the development of friendship between American people and the people of other lands.

America has the most enterprising farmers in the world. I know that this is true of the farm families in my area of North Carolina. They want to expand their acreages of the basic crops. To do this we must dispose of surpluses and create larger permanent markets for the future. This program is designed to do just that.

The importance of the Public Law 480 program to our area is evident in the fact that, since the law was enacted in 1954, it has found foreign markets for 192 million pounds of tobacco, 3.2 million bales of cotton, 586 million bushels of wheat, 1.9 million pounds of vegetable oils, 146 million bushels of feed grains, 150 million pounds of meat, 220 million pounds of lard, 212 million pounds of dairy products, 186 million pounds of fruit and vegetables, as well as other commodities.

Public Law 480 operates in four directions to find good use for our surpluses. First, we sell our commodities in foreign countries for their own local currencies, not requiring them to pay in American dollars. Second, we use our surplus food for emergency relief purposes abroad. Third, we provide for barter transactions with foreign countries, to swap our farm surpluses for strategic metals and other materials needed in our national defense. Fourth, we provide for donations through voluntary relief agencies.

The law provides that in working out agreements for the movement of any Public Law 480 shipments abroad we must safeguard the usual marketings of the United States and make sure that sales will not unduly disrupt world prices. I agree with this emphatically, but I do feel that movement of our farm surpluses under this program can be expanded substantially, to reach many more millions of people abroad and without disrupting normal commerce.

Mr. Chairman, the world has never had enough to eat—not since very early times. Malnutrition is general now throughout vast undeveloped areas where two-thirds of the world's people live. The United Nations Children's Fund reports that lack of sufficient and proper food is a most important cause of the high death rate of children in the economically underdeveloped areas. In addition to taking countless lives, malnutrition creates widespread ill-health and unrest in many areas of the world.

That is the condition in the world around us, while we in America enjoy great abundance.

We have a large surplus of farm commodities. Some people regard this as a curse, and they blame our farmers and our farm program. I regard this abundance as a blessing.

The abundance of our farms affords America its greatest opportunity in all history to bring world attention to the kind of government that has drawn its strength from the dignity and freedom of the individual, from its freedom of enterprise, and from peaceful and friendly purposes with all people.

I look forward to a day when our farmers may produce to the limit, meeting the requirements of our own need, comfort, and convenience, with the remainder of our farm abundance being interchanged and shared in a manner to aid the people the world over who want to be our friends.

I feel that bread and butter may yet be more effective than bullets and bombs, to win the battle for world peace.

Mr. Chairman, I have no specific recommendations of a detailed nature from the legislation before you—you members of this committee are better acquainted than I with the technicalities of this legislation—but I do urge that Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, be continued, improved, and expanded, to accomplish these ends and purposes which I have set forth.

The CHAIRMAN. The next witness to be heard this morning is Dr. Campbell, who is with the public Health Division of the ICA.

Dr. Campbell, we asked you to come here thinking the committee might want to interrogate you about the subject which we have under consideration, but since the hour of adjournment has passed, and most of the members, as you know, have left the committee room, I would like to ask you if you could tell us briefly what programs, if any, you are now operating in the Public Health Division of the ICA.

#### STATEMENT OF DR. EUGENE P. CAMPBELL, CHIEF, PUBLIC HEALTH DIVISION, ICA

Dr. CAMPBELL. Yes, sir; we are very happy to have this opportunity, Mr. Chairman. I am the Chief of the Public Health Division of the ICA, under the direction of Mr. Smith, who was here to testify earlier.

The ICA, and its predecessor agencies, has been engaged for approximately 15 years in cooperative public health programs throughout the world. At the present time we are actually working with the personnel of 37 governments in carrying out standard types of public health works in the host countries. These programs are composed of activities that are desired by the host country. They are all requested of us, and we have been able to collaborate with the personnel of these governments to promote various types of public health activities that we are familiar with in this country. We firmly believe that one important facet to a viable growing economy is the health of the people. After all the real wealth of a country or community is its people.

We have become aware recently that there are accumulating supplies of locally generated United States owned currencies through



the sources that you have been discussing this morning, and we have been very interested in studying these resources from the standpoint of utilizing them in this area of public health. We have felt that there are certain very appropriate projects that could be carried out with these resources, such as, for example, the utilization of locally generated currencies to develop small or rural village water supplies for human consumption.

One of the really big problems around the world, I should say after malaria, and one of the most important problems in the world is caused by the diarrheas and dysenteries transmitted through contaminated water which produce infant mortality in fantastic proportions. We feel an attention to this problem on a broad basis would be a very great help to the people of underdeveloped countries. It would also provide a bridge of understanding that cannot be obtained in any other way.

In addition, we are thinking of another appropriate project which is the development of small rural health units. In my 15 years of work out of the country I have been engaged in the development of these small health units which are of tremendous help to the people of another country and they provide a great deal of good relations as far as we are concerned.

A third group of projects are what we call categorical disease projects, such as tuberculosis, schistosomiasis, intestinal parasitism, trachoma, and so on.

These diseases exist throughout the world in the underdeveloped and newly emerging countries, and we have methods, techniques, and substances for control, and in some instances eradication.

This area of technical cooperation we carry out as prescribed in the Mutual Security Act. In utilizing the accumulating resources from Public Law 480, we feel that some of them could be directed into this area with considerable benefit.

The CHAIRMAN. At the present time how do you obtain funds to finance programs which you are now administering?

Dr. CAMPBELL. These funds come from the Mutual Security Act—principally from title III, technical cooperation. However, we do receive funds from other titles of that act, depending upon the nature of the project.

The CHAIRMAN. Is your agency financed by dollars or counterpart funds?

Dr. CAMPBELL. We have both types, sir. The majority of our projects are financed jointly with some dollar funds from the United States and local funds appropriated by foreign countries. The matching of the funds becomes the basis for a cooperative program. Our dollar funds are a small catalytic fund used largely for personnel and some critical items of supply and materials that could not be obtained for the particular type of health work in the country.

The CHAIRMAN. Are you using any counterpart funds in your program?

Dr. CAMPBELL. In the past some counterpart funds have been devoted to the development of health facilities in a few countries in the Far East, and the south Asian area.

At the present time we use a very small amount of counterpart funds.

The CHAIRMAN. Have you used any Public Law 480 funds? You do not have any Public Law 480 funds available to you yet; do you?

Dr. CAMPBELL. In fiscal year 1958, \$614,000 of Public Law 480 funds were allocated to the Asuncion, Paraguay, sewerage and water project. No Public Law 480 funds have been used in health projects in previous fiscal years.

The CHAIRMAN. I am not sure that the law would be broad enough in its scope to permit you to use the funds for the purposes we are discussing. The witnesses who just preceded you indicated that the law would have to be amended. Assuming that the law is amended so as to authorize health programs in these backward nations, you would be in a position to expand your program and make it more effective; would you not?

Dr. CAMPBELL. Yes, sir; that is exactly the situation.

The CHAIRMAN. You mentioned the water-supply problem. I can agree with you on that. I do not see how some people in the world even exist or live with their present water-supply systems. I went to one country in the Middle East. I spent 1 night there, and that is all I wanted to stay there. I left the next morning. There was not any reason on earth that I could see why they did not have pure water. Yet the impurities in the water there were calculated to give one any disease, I suppose, that mankind would be subjected to.

Dr. CAMPBELL. Yes, sir; you are entirely right, sir.

The CHAIRMAN. Take, for instance, the city of Teheran. People drink the water right out of the sewer ditches. They use the same ditches there for the sewage in the morning and in the afternoon they use it for water supply. The entire situation to me is horrible, because I know they could have centrally located wells, or water supplies, and certainly it would help the health of the people.

I think this has been a good suggestion, and I hope we can broaden this bill so as to make some of these funds available for not only small water supplies in villages, but large water supplies in larger cities like Baghdad, Teheran, and places like that.

The CHAIRMAN. Mr. Dixon, do you have any questions?

Mr. DIXON. I very much approve what the chairman said about the water question.

The CHAIRMAN. Do you think if we authorized the use of these Public Law 480 funds in these countries for the purposes we are discussing that you might be able to work out some matching program where the local governments might be induced to match the counterpart funds if we provided them so that they would have a financial interest in the investment and therefore a greater interest?

Dr. CAMPBELL. If I may use an analogy in history, I feel sure that we can. In the past in this hemisphere we have operated cooperative programs on just exactly that basis by putting in a small amount of dollars which is matched by the cooperating countries in the beginning with small amounts of their currencies. Their amounts have increased every year until sometimes it is 10, 15, 20 and 25 times in comparable currency to what we are putting into the programs. We feel sure that if some of these locally generated currencies could be devoted to some of the projects mentioned above they would serve in the same manner to stimulate the local government, and the ministries of health to appropriate more money from their treasuries to match these funds in the prosecution of these projects.



The CHAIRMAN. Doctor, we thank you very much for your presence here, for your statement, and for your interest. I assure you that we shall give consideration to an amendment which will authorize the use of Public Law 480 funds for the purposes you have discussed.

Dr. CAMPBELL. Thank you, sir.

The CHAIRMAN. Thank you very much.

That seems to be all the witnesses we have scheduled for today.

The committee will stand adjourned, subject to call.

(Thereupon, at 12:40 p. m., the committee adjourned, to reconvene at the call of the Chair.)





## EXTEND PUBLIC LAW 480

### Agricultural Trade Development and Assistance Act of 1954

THURSDAY, MAY 22, 1958

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D. C.*

The committee met, pursuant to recess, at 3:40 p. m., in room 1310, New House Office Building, Hon. Harold D. Cooley, presiding.

Present: Representatives Cooley, Poage, Gathings, Abernethy, Jones, Hagen, Teague, Tewes, Quie.

Also present: Mr. Hyde Murray, minority clerk.

The CHAIRMAN. The committee will be in order.

Mr. TEAGUE. Mr. Chairman, could I make an inquiry. I certainly don't want to obstruct things here and I don't intend to. But I want to be sure I understand the circumstances inasmuch as we are operating under rather unusual circumstances.

It was my understanding, and I want to be sure I am right, that any bills that art voted out this afternoon are subject to a motion to reconsider.

The CHAIRMAN. You are correct.

Mr. TEAGUE. Thank you.

The CHAIRMAN. We will now hear from Mr. William L. Springer, Congressman from Illinois.

#### STATEMENT OF HON. WILLIAM L. SPRINGER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. SPRINGER. Mr. Chairman, as the members of this committee know, I have been very much interested in the results of Public Law 480. Now if I might review for just a couple of minutes where we actually were from my own personal experience, which may be something of what the committee has experienced but may not, but I do believe it points to the trend of Public Law 480 and its influence and its effect upon us.

When this law was passed in 1954 in July or August, I traveled over a good portion of southern Europe and all of Africa in November of that year. Everywhere I went I inquired about this law and I found that nothing had been done by the State Department. Hardly any instructions had been sent out 4 or 5 months after it had been put into effect.

In addition, I found that it was received with a great deal of questioning, with considerable resistance. The Ambassador didn't even want to talk much about Public Law 480.

The CHAIRMAN. You mean our Ambassadors?

Mr. SPRINGER. Yes, our Ambassadors. In fact, when you talked to foreign governments they hadn't even heard about Public Law 480 and didn't even know that there was such a law.

When I came home, upon inquiry in the agency administering that, and he's now gone from this Government and has lately been defeated for governor of a State and I think has disappeared from the political scene, at least for a while, I could feel as I talked with him he resisted this program and did not want to implement it. That was the history of the program in 1954 and early 1955.

Now to give you an example, in 1957 I went to Madrid in November on this negotiation and I spent several days there with the Spanish Government and with the Embassy. The surprising thing was that you were not only met with open arms by the Government which was the recipient but you were met as well by the Embassy there who felt that this was the greatest diplomatic feat that could be undertaken in 1957 was to get this agreement signed with Spain.

One afternoon, to give you an example, the Ambassador had a staff meeting with everybody there. This was a dress rehearsal to see what could be done to not get around to where we could negotiate it but actually to get the Spanish Government to be willing to undertake some of the things that they wanted done.

So in 3 years almost exactly you had seen this thing turned completely around from a position of resistance to it because in the beginning they felt that this was going to gum up diplomatic maneuvers by taking over markets which had been already allotted, so to speak, in the world market to certain countries, and now have received this as well as you could possibly expect, and believe me they take it not as an agricultural problem because I don't think the State Department has a basic interest in the question of agriculture. But they have come to the belief that this is a powerful instrument of foreign policy. So, therefore, that agency has accepted it.

Now I think that the Department of Agriculture—I am talking about Garnett now who has been administering and has done an excellent job, as we all know certainly has done a fine job of implementing it, and I think that the Department of Agriculture gave it its first full backing down there. So we have never had any difficulty with the Department of Agriculture since the whole matter was implemented.

So that brings us down now to what is the future outlook. Well, we are going into our fourth appropriation. I can feel by the editorial comment which I am getting I think from a good portion of the country that there is some resistance to this. Now I am talking about only what we would term in this, among we who have been interested in this and I am talking about this committee and a few others who have been close to it, resistance to the giveaway features of it. At least one farm organization which most strongly backed this I think is looking at it with a rather questioning eye as to whether or not our policy should be one indefinitely of in effect a giveaway of practically all the provisions of the bill. I am not as much alarmed about that, I think, but I do believe that we could get in a position in possibly a year, 2 years, 3 years if we continued indefinitely to implement only the provisions which are giveaway provisions of getting the same kind of resistance to it that you are getting to it in editorial policy now, almost 95 percent



of the country to certain basic provisions of our agriculture policy. I think you practically all are informed on that.

I think this is a good program and a good law, and I have given it a hundred percent of my support. I have traveled over practically all of the world in behalf of this law where any of this produce has gone. I think I have been in every area where any of this has been given under Public Law 480. I think we are approaching a time now when we ought to be implementing this law to where we are going to get a genuine market where we can sell produce in the open market on the basis of a sale over the counter for benefit received.

Now, I am not foolish enough to believe that we can sell this produce over the counter and get dollars in return and I don't believe there is anybody on his committee that thinks that can be done. But I don't believe that we have made any steps forward since this law was passed along those lines. In other words we have implemented the provisions of the law only which have to do with giveaway.

Now, before Mr. Garnett left his post to go with Pan American, I spent some 3 hours with him to determine what, if anything, we needed. It is his opinion, may I say, and he is certainly a greater authority on this law than I am, that there were provisions sufficiently contained within this law to do what I and he and a lot of people had in mind, and that is to work up an agency which can handle everything from counterpart to barter.

All of you who have been watching the Russians at work know they are entering into our market, a lot in South America, where simply all they are doing is sending out an order list and saying to Brazil or Argentina or Chile we have got these things to sell. You check off what you want and we will make the terms with you. Don't you worry about the credit. We will make the credit terms with you that will be satisfactory.

Now, if we are going to continue to sell agriculture produce, somewhere along the line we are going to have to meet that kind of competition.

Now, before I talked with Mr. Garnett I visualized some kind of a banking agency. I am talking about a banking agency which could handle international currencies. That is the only way I could figure out we could do it. If we are going to hand over \$2, \$3, \$4, or \$5 billion a year wherever it is going to be, we ought to have some kind of an agency that can accept lira, francs, that can accept yen, that can accept rupees, any currency that you want to, and have a bank available to deposit them in to the credit of the United States. Then our problem then is to either loan those out at interest rates in the areas where we can get a return on them or where they can exchange them for dollars and where we can exchange them under the terms of this for other materials which this law gives you the opportunity to do, with the possibility of reselling those raw materials to somebody who can purchase them for dollars.

Now, that is the trend. I think that is the direction in which we ought to be pointing on this now before we get into a critical area and stage—I am talking about 2, 3, or 4 years from now—where everybody is going to be opposed to the giveaway features of the program.

Now, the only other alternative that I can see if you are not going to do that and you are going to go on with the giveaway program

indefinitely, is that you are almost going to have to transfer the provisions of this law over to foreign aid. Now, that is the only place I can see it that you can make this stand up is in the foreign-aid field.

Now if you are going to do that you are going to approach it from an entirely different viewpoint in my estimation from what we are doing now because we are doing it simply on a sale of surplus agriculture produce, and we are approaching it from that kind of a theory morally and I think that is exactly what we have said legally in this bill and that is the purpose of it, to get rid of surplus agriculture produce. And if we then decide that isn't the purpose of it and you are going to go to foreign aid, and then you are going to take up the provisions of the bill which was introduced by Senator Humphrey over on the other side in S. 3223 for other purposes of which he lists six in here, if you are going to approach it that way then it seems to me you are going to have to do it on a foreign aid, foreign assistance, some kind of a mutual security proposition, and not on the basis of Public Law 480.

The CHAIRMAN. Is it your idea to take all counterpart funds and funds generated by Public Law 480 in all of the different countries and put our part of the funds into some lending agency and make the funds available wherever we wish to make the funds available?

Mr. SPRINGER. My thought was this—I would say that what you have said expresses it partly—my feeling was that the agency is going to have to be able to handle any kinds of counterpart funds that are available if you are not going to this on a credit basis. Now I am talking about a sale over the counter for money. I am not talking about dollars but rupees or yen or francs or lira, if you are going to have an agency that can handle it and is set up to do that kind of a job.

The CHAIRMAN. What would you do with the various currencies?

Mr. SPRINGER. I can visualize several things. I was thinking, for instance, of lending those currencies back in the country from which we receive them. I am talking about lending them in commercial transactions as one possibility.

The CHAIRMAN. We may do that now. Under existing law you may use counterpart funds for internal improvements in the recipient country and you may use 25 percent of the Public Law 480 funds for loans to our own business people.

Mr. SPRINGER. Yes.

The CHAIRMAN. To build facilities in foreign countries.

Mr. SPRINGER. Yes; now I think you are right. The point I am trying to make, Mr. Chairman, is that that is not being done.

The CHAIRMAN. We have counterpart funds and Public Law 480 funds in far-distant places in the world and we are not putting them to any use at all.

Mr. SPRINGER. That is right. May I say this and I think you are cognizant of it. I think there has been, may I say, a lack of interest, I am not going to say resistance, but that I can sort of sense in the Department there is a lack of interest in the State Department in our doing this kind of thing that I am talking about on a sell over-the-counter basis. They are more or less interested in the giveaway proposition and using it as an arm of diplomacy which I am talking about was used in Spain last year and which was used down in Pakistan and India for the same purposes.



The CHAIRMAN. Apparently someone in the State Department or some other agency of the Government is not particularly interested in doing anything about the giveaway part of the program if the information we have received, and other information which we will receive today, is adequate with regard to Brazil, for instance. We have a witness who has been in Brazil for 3 months and we also have an article in Time magazine, the current issue, which shows a very deplorable state of affairs in Brazil. I am sure that the situation, if it is accurate, in Brazil probably prevails in some other countries. If we had all of the counterpart funds and all of the Public Law 480 funds which belong to us, in the hands of one agency we could go a long way toward preventing starvation in future years. We could do a great deal of trading and buying with that currency; could we not?

Mr. SPRINGER. I think, Mr. Chairman, this is my opinion of probably what ought to grow out of the thing. First of all, I think under Public Law 480 if you are going to continue it you ought to determine first of all what is going to go to the giveaway program, what all is going to go to this country where you are going to give it for redevelopment and all of that kind of thing as a giveaway proposition as we are doing in Pakistan and India. If it is going to be 25 percent, let's say 25 percent of it is going to be done, the remaining 75 percent we are going to sell on the open market and we expect to account for that to the United States Treasury. We expect to take this as a commercial proposition and not as a giveaway.

The CHAIRMAN. In some of these countries I think American businessmen would hesitate to make investments because of the instability of the Government. I know that, for instance, in Mexico I have been told that American businessmen have applied for as much as 400 million pesos and we only have available about 88 million pesos. Now that indicates that the American businessman is willing to invest in Mexico, whereas you go to Pakistan or some other country they have an abundance of funds available but the American businessmen are not induced to go into those countries and make investments.

Mr. SPRINGER. I think you are probably right on that. My only thought is this, that I don't think that the way in which this mumble-jumble is going on now that you have any agency that is interested in the commercial development for the sale of agricultural produce. That is about the best I can say to it.

The CHAIRMAN. You think it necessary for us to create a new agency of the Federal Government to function in the field that you are interested in?

Mr. SPRINGER. In the field of credit. Now, Mr. Chairman, we are just brushing the surface with this export sale of farm produce. I mean, actually you are putting up a bill for \$2 billion a year and you still got a tremendous surplus in this country. You haven't touched this real problem yet which you set out here under section 104 to help develop new markets for United States agricultural commodities on a mutually benefiting basis. There has been very little done under that program at all. Now I think this is the kind of an agency that not only ought to handle this but it ought to be in the business of promoting the sale.

The CHAIRMAN. You know the difficulties we encounter when we attempt to create a new agency. It is very difficult to do. Could not

the Export-Import Bank take over the functions that you have in mind?

Mr. SPRINGER. Now I would say that I haven't investigated into it enough to know. But that would be satisfactory to me if they felt they could do it. But I do think you ought to have a law here with guidelines telling them exactly what to do.

Now I do think that we haven't yet developed out of this law any promotional agency. Mr. Chairman, I have been in all of these countries and I can't find any agency that is promoting the sale of agriculture produce pursuant to this except insofar as the Embassy itself is doing it under a giveaway plan. Now if any of you can tell me of any agency that you know of that is doing that promotional program under this law I don't know what it is.

The CHAIRMAN. I am inclined to agree with what you said except I think that some of these church organizations have been doing what they do to promote an interest.

Mr. SPRINGER. I agree with you on that but that is an insignificant amount.

The CHAIRMAN. Outside that I think you are right. No other agency has attempted to do it and I agree with you—I think our ambassadors are very slow to participate in any way in connection with a promotion of Public Law 480.

Mr. SPRINGER. Well now, I think, Mr. Chairman, this has been my experience. I will have to admit I don't know about Brazil because that is one country I haven't been to.

The CHAIRMAN. Would you like to go down there on behalf of our committee and make an investigation?

Mr. SPRINGER. Well, no. I will say I have been vitally interested in this because it affects my district. Soybeans were included in the Madrid agreement as well as the sale of cotton and cottonseed oil in that agreement. But I would say to you that in the countries where I have gone in the last 2 years there has been a tremendous interest in the Embassy. They think this is an awfully important part of diplomacy. Now what was done in Brazil I am not in a position whatever to say. But say India and Pakistan. I have simply been besieged by those countries in this particular program, and the problem of this department has been to cut these countries down to a point where there was enough money to go around. When you start cutting this pie up as Mr. Garnett has been doing, and when he shows you what the pie is, as most of you gentlemen who sat in on the Polish agreement know, I know Mr. Poage did because in the basement one night they were all there for 2 hours and the problem was to cut Poland down to a point where we could do the job for them. There just simply was not enough money to do it. So I don't think you lack in interest, Mr. Chairman, under the giveaway program and I don't have any particular fault to find with what has been done in view of the policy that was adopted. But I do think we are at the crossroads now where we ought to make up our minds about a sales program on an over-the-counter proposition. We have not implemented the portions of this program which in my estimation are for the promotion and sale of American agricultural produce on a permanent basis.

The CHAIRMAN. You mean through businessmen?

Mr. SPRINGER. No, I do not.

The CHAIRMAN. Normal business channels?



Mr. SPRINGER. I would say normal business channels ought to be in on this without any question.

The CHAIRMAN. Now you know when they make it government to government the people in the needy countries know very little about the transaction. If you can work it out where businessmen of America deal with businessmen of other nations and use the facility that you are talking about, it seems to me that it could accomplish more for us than it would if we deal government to government with a corrupt government.

Mr. SPRINGER. Well now, with that I would have no fault to find. I do believe that you are going to get large sales—I am talking about in competition with the kind of thing which I visualize Russia is going to undertake in the next 5 or 10 years—it is going to take some imaginative work to meet that. But I don't think the businessmen—I will be frank with you—are going to be able to make that that sizable and be able to meet the competition you are going to have on a barter basis with Russia and the satellite countries, because Russia can take in the wheat or cotton or whatever they have to sell and it will be sold in a bundle.

Mr. POAGE. Mr. Springer, are you advocating that instead of selling to a country, Brazil, for instance, say \$10 million of agricultural products, and taking \$3 million in counterpart we might spend and lend them back to the other \$7 million, which is roughly what we have been doing in most of these countries, that we require them to actually pay us in their own money?

Mr. SPRINGER. Correct.

Mr. POAGE. The full amount of the transaction?

Mr. SPRINGER. That is right.

Mr. POAGE. And that we then be able to use that foreign currency as we see fit. What we are doing, of course, is not a sale in most instances where foreign currency is received. What we are doing today is that we get a small portion of the agreed purchase price which has to be the commercial price. We get a small portion of that in the foreign currency that we can use and then a large portion of it which I think in general runs about 70 percent in some cases, a good deal higher is actually kept by the country that owes us and it is no cash sale at all. We don't get the foreign currency that we contemplated we would get under this law. Now are you suggesting that we should make our sales at least final enough that when we sell something that we at least get the purchase price in their money?

Mr. SPRINGER. Yes. Mr. Poage, what actually has happened is this if you go into it in detail. Take Pakistan as a good example, and I am awfully familiar with what you did, actually the money in effect has been paid and what we do there, say, we get \$75 million in a sale from them. We take that \$75 million and then they start to set up projects—I am talking about digging a canal or levee work or drainage, whatever it may be. Then we approve that project and say that is a \$10 million project. We write that off as a \$10 million project and so we give them that \$10 million, which we do, and they go ahead and do that work and we give them a writeoff. Another project, say, is \$35 million, as one big river project there was. When they get that set up we write that \$35 million in effect off. We approve the project. I am saying that the projects in many instances are fine and good for

the country if that is all you want to say. What I am suggesting, Mr. Poage, is if you are going to do that for a portion of the program, say 25 percent, that is all right. Let's do that. But on the other 75 percent let's get on a commercial basis here and get this money back.

Now I am coming back to the Soviet thing because I think in the agricultural field we are going to be faced with the situation that these countries are closer to Russia and Russia can serve them better than we can over there. For our agricultural produce for 1958 we ought to be entering into some kind of programs like they are doing for 2, 3, 4, 6, and some of those Soviet programs are going for as long as 7 and 10 years. Therefore they are tying their market and that country's market and economy to their own. Now, if we are going to retain this market which we are creating under this law we have got to be able to say that we can extend that credit. That is why I say that this corporation, this agency or whatever it is, that is necessary, has got to be able to grant those credits and take the money and exchange the currency and develop this banking or lending or credit agency, not for 1 year. He has got to be able to handle it with Pakistan or India or Indonesia for a period of 5, 10, 15, or 20 years.

Mr. POAGE. I understand that the Department claims it is doing that by virtue of these loans to the countries, and I think in most cases there is a larger percentage of loans than there is for grants for these projects that you are talking about. The Department says "Why, you are just using that as a means of extending credit." In other words, we say to Pakistan that if you owe us \$75 million and you owe it in your currency instead of ours, why we can take \$50 million of this or \$60 million and you can invest it in these canals and these irrigation ditches and we will let you repay that over 30 years with a relatively low interest rate. That is what we have done in most of those cases; isn't it?

Mr. SPRINGER. No, it is not. May I say that is done in some. But if you want to take the others and add them up it isn't even close. It is far apart. In the Spanish agreement we are going to get dollar for dollar in effect because we are going to use that currency in paying for the bases. We had to put dollars out for the bases, and that didn't make any difference because that is not a regular commercial transaction. That is something which we had there in that country and we would have had to pay for it anyway. I am talking about a commercial transaction whereby you buy it over the counter. This is an unusual case. The Spanish thing will be finished in another year and we will have no way of doing it unless you operate a give-away program again.

My whole problem is the gradual elimination of the give-away program unless you want to set it up on a percentage basis because I am looking at it from a farm-surplus program point of view, and if you are going to take a long-term farm-surplus program I don't think the American public will stand still for an indefinite extension of the give-away program. That is why I think we ought to meet this program now.

The CHAIRMAN. Would you tell us whether or not you have attempted to draft any legislative proposals or would you do that?

Mr. SPRINGER. No, I have not, because at the present time I have got to analyze this law to determine if what Mr. Garnett has led me to believe is true, that it can be handled under this bill. I am in-



clined to believe that it cannot be handled under this bill. He thinks that it can.

The CHAIRMAN. Mr. Garnett has been replaced. I wonder if you will be kind enough to confer with his successor, and the Solicitor in the Department. I am sure he would be glad to come to your office, to see if you could draft some language and accomplish what you have in mind.

Mr. SPRINGER. Yes, I will be glad to.

The CHAIRMAN. In the near future before we report Public Law 480.

Mr. SPRINGER. Yes, I will be glad to do that.

The CHAIRMAN. I think if you will do that we will take it under consideration.

Mr. SPRINGER. May I say, Mr. Chairman, that you might be able to add language to this bill and implement it.

The CHAIRMAN. We might add some language here to accomplish what you have in mind, and still have in mind the situation that you refer to that we might find ourselves in 5 or 6 years from now, and provide some agency of the Government with authority to carry it on with the funds that we have, rather than permit these funds to be idle in other countries.

Mr. SPRINGER. I think that is the real problem, Mr. Chairman.

The CHAIRMAN. I do not suppose any Member of Congress has even a remote idea as to the value of the money that we have to our credit in all of the nations of the world.

Mr. SPRINGER. Under Public Law 480?

The CHAIRMAN. Under this law and under all of our mutual security programs and all of these other things.

Mr. SPRINGER. Well I am inclined to agree with you on that.

The CHAIRMAN. We thank you very much for your statement. We will now hear from Mr. Johnson, a member of this committee, a Congressman from Wisconsin.

#### STATEMENT OF HON. LESTER JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. JOHNSON. Mr. Chairman, we have an opportunity here today to approve a bill which will continue to make available to children at nonprofit summer camps some of the surplus food the Government has purchased under price-support programs.

In recent years surplus foods have been distributed to nonprofit camps on the basis of the total number of children attending the camp. The practice was followed out of the belief of administrative officials that children eligible for school lunch during the school year are also eligible for surplus foods during vacation.

Regulations are currently being written to incorporate all of the requirements with respect to the donation of surplus foods. When I learned there was some question as to whether a large number of the summer camps could continue to be eligible, I decided to submit this legislation to insure that eligibility.

A good share of the camps affected are under the supervision of civic organizations. Included are camps operated by the YMCA and YWCA, Boy and Girl Scouts, the 4-H, religious, and other similar organizations. Upon investigating I learned that an estimated 879,000

children attended summer camps which received surplus foods last year. In my State of Wisconsin the Agriculture Department estimates that 83,000 school-age children benefited from these donations.

It is obvious that nonprofit camps will be able to make good use of the money saved in obtaining surplus food. Perhaps the greatest benefit is in providing additional openings for children who might not otherwise have had the opportunity to vacation in the great outdoors. The bill is a natural companion to a special milk law for summer camps which was passed and signed into law in 1956 after I introduced it.

I appreciate very much the opportunity to have this measure considered so that we may put it into effect this year and prevent confusion which might otherwise arise in administration of the program.

The CHAIRMAN. Thank you, Mr. Johnson. Mr. Jack Zipper, of New York.

#### STATEMENT OF JACK ZIPPER, NEW YORK, N. Y.

The CHAIRMAN. Gentlemen of the committee, this is Mr. Jack Zipper, of New York, a businessman whom I met some months ago who advised me that he had been to Brazil frequently and was going there again, and I requested him to make some observations while he was in Brazil with reference to the operations of the programs under Public Law 480. Mr. Zipper has just returned from Brazil. I had a conference with him on Sunday down in North Carolina, and I requested him to come before the committee today to give us the benefit of his views and observations, and I am sure that the committee will be very glad to hear you, Mr. Zipper, at this time. I would like to say that he is particularly interested in the distressing situation which he found in Brazil during his sojourn there.

Now, Mr. Zipper, you do not have a prepared statement. I assume you will just go ahead and tell us about your trip to Brazil and what observations you made while you were there and tell us something about your findings and conclusions.

Mr. Zipper is accompanied by a distinguished constituent of mine, Mr. J. C. B. Ehringhaus, Jr., of Raleigh, N. C., an attorney. We are glad to have both of these gentlemen with us.

Mr. ZIPPER. Mr. Chairman and members of the committee, I am very grateful for an opportunity to present my views before this committee relative to Public Law 480. I have just returned from Brazil where I spent 3 months and had the opportunity to discuss Public Law 480 with certain members of the Government as well as getting the reaction of the people of Brazil.

As you undoubtedly have read in the paper, Brazil today is in a very trying situation insofar as its currency exchange is concerned. The previous gentleman, Congressman Springer, spoke of the value and power of Public Law 480 and its use as a weapon abroad. This is absolutely true. Under Public Law 480 the people are in a position to obtain agricultural products which they otherwise might not be able to acquire.

I found Public Law 480 is solely referred to as a government to government operation. One never hears of the personal contributions of the people of the United States which makes this program possible. Today Brazil has an entire area in the northeast where people are physically starving. They have no food nor water. This situation



created quite a havoc in Brazil. I feel it would have been a wonderful venture toward gaining goodwill for us if America were able to create an airlift to supply the stricken areas and thereby showing the people of Brazil that the American people as well as its government is interested in their welfare.

In all my experience I haven't met anyone there who knows what our people are contributing under Public Law 480. They don't know that our people are taxed and through this means agriculture obtains the funds which make it possible to carry out these programs.

It will be a wonderful thing for America if the people of Brazil were in some way made aware of the contributions made by the American people.

The CHAIRMAN. May I interrupt you? You talked to just ordinary people and you talked with Government officials and I assume you conferred with people in all walks of life during the 3 months you were there?

Mr. ZIPER. Yes.

The CHAIRMAN. You say you did not find anyone who knew anything about the program under Public Law 480 or the availability of the food we have in our warehouses?

Mr. ZIPER. According to my experience the people of Brazil are not aware that they can get the food from the United States. The word "surplus" itself, if I may respectfully say so, leaves a bad psychological connotation. For political reasons or other reasons the food sometimes remains at the port, and when it finally reaches the kids in school who drink the milk, who use the butter, the parents and the children find that the milk has gone sour and the butter rancid. Certain papers present the picture that this is American surplus which they would have thrown away anyhow.

This presentation is not accepted by the average Brazilian, but you are well aware of the Communist threat that is definitely present there.

Brazil feels that in two wars it immediately declared itself on the side of the United States, and it feels that in its present economic situation and dollar plight, while our Government has seen fit to help other countries the contribution we have made toward helping Brazil is small. I was somewhat shocked to find very serious and important people who form public opinion casting their eyes toward the Communist element in Brazil, who have a very easy approach to people hungry and starving.

I think even now it would be a wonderful gesture, Congressmen and Mr. Chairman, if it were possible to find a way either through welfare agencies or the church or the Red Cross to make available the food to the people of Brazil. No loans would equal the effect of these starving people receiving packages, marked red, white, and blue, written in English and Portuguese letting them know that the people of America are making their contribution to their welfare.

The CHAIRMAN. In other words you think that we should be dealing with the people of Brazil rather than with the Government officials of Brazil?

Mr. ZIPER. That would be rather difficult; but I feel where someone has money and merchandise to give that the least they could exact in return would be an assurance that the recipients knew where it came from.

Mr. GATHINGS. This Government ought to have the assurance that the recipients of that food should know that it comes from the hearts of the people of America and not that this rancid food was "thrown here at you" because we don't want it and it's surplus to us. I heard you say that the word "surplus" is not a good word in Brazil.

Mr. ZIPER. Yes, sir. It implies it is what America is ready to throw away. I am not saying the Brazilian people throughout the country say this. I am saying the Communists use it. The starving people are told that communism is a better way of life than democracy.

Mr. GATHINGS. In other words, when we do send the surplus we get a black eye, is that it? When we do send this good food from our coffers to Brazil the Communists kick up the propaganda and say well now, "Here is what you are getting. Isn't that terrible?" A mere pittance. Is that it?

Mr. ZIPER. I agree with you, Congressman, entirely. It would be a wonderful thing if we might require of a government prior to signing an agreement with them that their people should be informed that essential food comes from America, to use your wonderful words "from the heart of America." Nothing would gain more friends for America. A loan to a government that is in financial difficulties serves a purpose, but of equal importance is that the people of that country know from whom and for what purpose it is given.

Mr. GATHINGS. Now, what about the communications media, the radio and the newspapers?

Mr. ZIPER. First of all, we have only one English newspaper in Brazil, the Brazilian Herald. We do not have any printed English newspaper which either represents or reflects the American thinking or American people.

The CHAIRMAN. Does the Voice of America reach into these remote sections of Brazil?

Mr. ZIPER. I have heard the Voice of America and thank God for that. I think they have done a wonderful job.

The CHAIRMAN. The Voice of America does not reach these people in the five states of Brazil which are suffering most because those people do not have radios or televisions, do they? They do not even have beds to sleep on.

Mr. ZIPER. Nothing; they have nothing there.

Excuse me. I just want to stress that I represent no lobbying group for Brazil. I represent no individuals in Brazil. I have been in Brazil for 6 years. I have spent at the most 3 to 4 months at a time. The people are very, very friendly to America. The last two times I have been there I have found that good will toward America is disappearing rapidly, and that we haven't done much to get their good will.

The CHAIRMAN. What about the anti-American feeling prevailing in Brazil now? To what extent is that existent?

Mr. ZIPER. I believe the anti-American feeling in Brazil is on the rise. I feel the people resent the fact that while America is giving so much aid abroad, they have been ignored. Their reactions are, and I have heard this from high levels, that unless a country can show the State Department or America that there is a threat of communism, they will only get lip service.

The CHAIRMAN. In other words you would have to create a threat of communism before you have the good intention.



Mr. ZIPER. This is exactly how they feel. They seem to think their needs will come last. I was there in 1954 when the President committed suicide. There was a manifesto published attacking America.

Mr. GATHINGS. You said they did what about a manifesto?

Mr. ZIPER. Prior to his death he alleged wrote this manifesto attacking the exploitation of American capitalists in Brazil. It has since been denied that he wrote it. There is a conflict of opinion.

Mr. POAGE. Mr. Ziper, you are raising a question there that I think is a most difficult one for us to deal with. Practically all of these underdeveloped countries of which Brazil is one of the larger and wealthier ones need tremendous amounts of capital just as we did a hundred years ago. I wonder if they are willing to accept the capital on anything like the terms that we accepted it. You don't have to go back a hundred years. I am not quite that old. But I can remember when down in my country in the Southwest most of the capital was British or Dutch and some French capital was invested there. The big ranches were almost all British and Scottish owned. But we were willing to let these foreigners come in and invest their money. They built our railroads. They built our utilities. We didn't build these city utilities. We didn't build these transcontinental railroads with American capital. We built it with European capital almost exclusively, just like these people in South America and in Asia and Africa have got to do. But we did let those British, those Dutchmen take anything back, any profits they had made. They could move them out whenever they saw fit.

Now there is not a nation in the world that I know of today that is willing to do that. They all say we want your capital, but we are not willing to let you move the profits freely. Now how do we reconcile that? I understand that it exists, and I know that we can't just say that it's foolish from their standpoint. It isn't foolish. From their standpoint it's important to them. But it is tragic from a world standpoint, as I see it, and how do you break that down?

Mr. ZIPER. First, Congressman, may I respectfully say this. The American companies that have invested in Brazil have had ample opportunity to take out their profits. Brazil has never created any hardships. They give the same rights and privileges to foreign investments as they do to their own. If I may say so, and I hope it does not create any bad feeling, but the people who have invested in Brazil, the business people, have found many ways to get rich, sometimes at the expense of Brazil.

I am not here to attack businessmen. Many have accomplished much for Brazil. I am here to focus attention to our loss of good will. During my last two trips to Brazil I have witnessed this steady decline. The news dispatches concerning our Vice President's South American trip tend to confirm this point of view.

I feel strongly that we are losing prestige in Brazil because of too little personal contact with the people of Brazil. Their people are uninformed of America's concern for their welfare, and of its readiness to help.

The CHAIRMAN. You said we should let the Brazilian people know what we have been doing.

Mr. ZIPER. That is right.

The CHAIRMAN. Since you arrived, I asked a member of the staff to obtain some information for me and for the committee which indicates that we have done nothing in the past 12 or 18 months. The Foreign Agricultural Service reports that the Commodity Credit Corporation costs on the commodities in the Brazil agreements amounted to \$296 million, including transportation and other costs. Now these transactions to which I have referred were in 1955 and 1956.

Now in 1957 you tell us that there was starvation in the States of Brazil, people are starving because they do not have food and water. Now, what, if anything, has our Government done and what, if anything, has the Brazilian Government done, to alleviate the human suffering in that area?

Mr. ZIPER. As far as our Government is concerned, I do not know what has been done. As an individual, I would have liked to have seen an airlift, similar to the one to Germany, supplying food to the starving people of Brazil.

The CHAIRMAN. You think the situation is of urgent character in Brazil now?

Mr. ZIPER. Yes, sir.

The CHAIRMAN. And our Government should not only tell the Brazilian people that the food is available, but actually fly it in, if necessary, to save these people from dying of starvation?

Mr. ZIPER. I think that would be the greatest contribution our people could make, and I think it would do much to solidify the good will.

Mr. POAGE. Do you think the Brazilian Government would welcome that?

Mr. ZIPER. I think they would. I will tell you this much, sir, prior to my leaving; there was a governor who made a direct appeal for assistance. Now, if I may say this, at least the Brazilian people would know that the American people were ready to help them.

Mr. POAGE. How would they?

Mr. ZIPER. They might be informed through the medium of our own Embassy there.

Mr. POAGE. Certainly, you just told us they did not get any information around there, generally, and, obviously, we did not actually move it. And the mere fact that Congress authorized it, or that we had airplanes standing by here in the United States, if the Brazilian Government did not want it done, it is quite obvious no one in Brazil, except the Government itself, would know anything about it.

Mr. ZIPER. I am quite sure, if the United States Government would have made a proposal, that the present political party in Brazil would not have rejected it.

The CHAIRMAN. Your idea is that, while we had planes standing by to go into Venezuela, with marines to fight, the best thing we could do is to have planes standing by to have food to go into Brazil to prevent starvation?

Mr. ZIPER. I agree with that 100 percent.

The CHAIRMAN. Do the people of Brazil, the officials of the Government of Brazil, know of our readiness to come to their assistance?

Mr. ZIPER. I do not know whether the Brazilian Government is aware that we are ready to help them, and to the extent that we are ready to help them, in the stricken areas.



The CHAIRMAN. Mr. Poage's question was: Do you think, knowing the officials of the political Government as you know them, that, if an official tender of assistance were submitted, it would be accepted?

Mr. ZIPER. In my opinion, the answer definitely would be "yes."

The CHAIRMAN. Do you know the President of Brazil?

Mr. ZIPER. Well, I do not want to make an assumption—

The CHAIRMAN. I mean do you know him?

Mr. ZIPER. No. I have spoken to people who have talked to his wife, Mrs. Kubitschek, about the possibility of furnishing food. The reply I received was that starving people should not ask help, but if our Government was willing to give it, they would accept it and be extremely grateful and thankful for it.

The CHAIRMAN. In other words, you think there is some reluctance in Brazil to ask for aid and assistance from us, but, if it is tendered to them, they would accept it?

Mr. ZIPER. Yes, sir.

Mr. POAGE. Well, now, why does the Brazilian Government not deliver the food they do have? We have sent \$300 million worth of agricultural commodities to Brazil, and \$300 million is not a small amount; it is rather a substantial amount. True, they have paid us in cruzeiros for that.

And you have told us, and this article in Time magazine also tells us, and you verified it and I am sure it is true, by the time the food reaches these people the butter is rancid, the milk is spoiled, the products are no good.

Now, the products were good when they left the United States, and they were delivered to Brazil in good shape. Certainly, there may have been some spoilage, as there always is, but they were delivered in regular commercial movements, and we must assume that the great bulk of that food did arrive in Brazil and was edible, was good when it arrived there. Now, why has the Brazilian Government been so reluctant to supply it to the people?

Mr. ZIPER. By answering that question, sir, I think I would give in to my own personal feelings. I do not know the minds of the Brazilian officials. The point I am making, regardless of what their reason is, they were definitely wrong for not doing it, however this has not helped us any.

Mr. POAGE. That is not the point. If we are to intelligently handle this thing, we have to know something about the Brazilian thinking. I think that is what was wrong with the whole of Nixon's travels; apparently, no one had any idea of what the people down there were thinking.

What I want to know now is what is activating the Brazilian officials in withholding that food? Why is it not going to the starving people today?

Is it a situation such as existed in China? I was in China in 1945 or January of 1946, and so was Chairman Cooley, and we were told then in Shanghai that approximately one-third of what we sent in there had to go to certain war lords as their cut before anything could be delivered to the people. Now, is that what is wrong?

The CHAIRMAN. May I interrupt you a minute?

Perhaps Mr. Ziper does not want to put himself in the position of criticizing officials of the Government of Brazil. In that connection,

I would like to call attention to this article which appears in a recent edition of Time magazine. I shall ask unanimous consent to include this article in the record immediately following Mr. Ziper's testimony.

In this article there is some explanation as to why this food has not been delivered as it was intended to be. I want to read the opening paragraph of the article, which is shocking, should be shocking, to any American. This is in the issue to which I have referred, and this is a quotation:

"We had nothing to eat but cactus, and after 5 days my mother said she could not go on," called Ernesto da Silva, 17, sitting in a rocky field in the drought-burned eastern State of Pernambuco. "She was a widow but not old. She laid down by the road and told me to go. A man gave me 40 cents for a day's work. I bought food and hurried back to my mother, but when I got there she was dead."

Now, it goes on further and points out that 2 million people gnawed cactus, dug holes in dry riverbeds for water, or joined a dogged, starving march to the sea.

This is an amazing article, and it seems to me that, if the situation in Brazil is as this article indicates, and as Mr. Ziper indicates, this Congress and this committee should do something to relieve the situation and to find out why the situation was tolerated in the beginning.

Because, through the legislation reported by this committee, and enacted into law, all of our surplus foods were to be made available to hungry people wherever they are in the world. All they had to do was ask for it.

You indicate these poor people in the five suffering States of Brazil are, perhaps, unwilling, for some reason, to ask for charity or to ask for help, and it may be that, because of illiteracy, they do not know that the help is available.

Someone connected with our Government should make it known to these people, if possible, and certainly to the officials of the Brazilian Government.

Now, I know Mr. Poage is not trying to get you to answer a question that might prove embarrassing to you about these officials, but this article in Time magazine is an indictment, of itself, of the official handling of the surplus commodities that have gone into Brazil.

I understand your very purpose in appearing here today is in the interest of both your own Government and the Brazilian people who are suffering, and you say they are suffering because you know that to be a fact, you have been there.

Mr. ZIPER. That is correct.

Mr. HAGEN. Would the gentleman yield?

I think we are assuming something not in evidence here, that there is some kind of a welfare program in Brazil involving United States foods, or other foods.

Now, you mentioned rancid milk, sour milk. I am sure the Commodity Credit Corporation has never delivered milk abroad.

The CHAIRMAN. It could be dried milk. Is it?

Mr. ZIPER. They have delivered nonfat dry milk powder.

Mr. HAGEN. That is true. But is there any program in Brazil of a welfare nature, getting down to the people that involves this 300 million worth of commodities, or do they take that and distribute it through the channels of trade?



Mr. ZIPER. The wheat is handled by a special commission. Most of the commodities, if not all, that are purchased are distributed and sold through COFAP, which is a governmental agency.

Mr. HAGEN. Is it operated for a profit, or is it a welfare program?

Mr. ZIPER. It tries to stabilize the price.

Mr. HAGEN. In other words, this United States food that we are sending down there is not sent down there as part of a welfare program except to the extent that they use it to keep down the increases in the price of these commodities as they are purchased by the users?

Mr. ZIPER. That is correct.

Mr. HAGEN. What you are suggesting is that, rather, we engage, with the cooperation of the Brazilian Government in some kind of a welfare program.

Mr. ZIPER. Yes, at present some powerful leaders in Brazil are contemplating negotiations with Russia.

Brazil has not traded with Russia. Brazil feels that while America on the one hand says "do not deal with Russia," certain companies have dealt with Russia. And they feel that in their present deplorable financial situation they should think of how they can best effect a solution to their own problem.

My purpose in being here is to call attention to the serious danger of losing prestige and favor with the people of Brazil.

In my opinion Public Law 480 could serve as a powerful implement to bring about goodwill, if applied more effectively. I feel that the people of Brazil are not informed of the contributions of our people. Of what value is it to us in our bid to gain lasting goodwill, the granting of \$300 million or \$3 billion, on a government-to-government basis, unless the people of the recipient country are informed as to the nature and purpose of our grant?

What happens when there is a sudden unexpected change in government leadership? What return do we get for our huge outlays? What have we offered to the Brazilian people to counteract anti-American propaganda?

We have an excellent opportunity to show the people of Brazil our interest in their welfare. We have Cruzeiros in Brazil, derived from the sales of agricultural surplus commodities, which we can use to build projects directly benefiting the people of Brazil. Schools, hospitals, prefabricated homes; these are material things which they will know as coming from America. Their need of them is great and so would be their gratitude.

Mr. HAGEN. I am not quarreling with you.

Mr. ZIPER. I am not, either.

Mr. HAGEN. But there is no showing here that this \$300 million of goods was used in a donation program. Maybe that is what you are saying it should be, and I am going to agree with you. But have you ever presented your ideas to the State Department and to President Eisenhower and his people that make up policy down there?

Mr. ZIPER. Oh, no.

Mr. HAGEN. I think you should, really.

Mr. ZIPER. I appreciate that—

The CHAIRMAN. He is presenting it here in this committee in the hope that this committee will present it to the Congress, to the State Department, and to the President, too. He is just a businessman.

Now may I ask—if you do not mind, Mr. Hagen?

Mr. HAGEN. No.

The CHAIRMAN. What about the rate of exchange? I have a suggestion here that Brazil has not picked up 700,000 tons of wheat for 1958 under the International Wheat Agreement. Now, there may be some good reason why Brazil has not picked up that 700,000 tons of wheat, but what is the currency situation now?

Mr. ZIPER. Brazil has a multiple currency situation. Its official rate is 18.82.

The CHAIRMAN. 18.82 to the dollar?

Mr. ZIPER. Yes, sir.

The CHAIRMAN. What is the prevailing rate?

Mr. ZIPER. When I left it was 140.

The CHAIRMAN. What?

Mr. ZIPER. 140 when I left.

The CHAIRMAN. 140 to the dollar?

Mr. ZIPER. Yes, sir.

The CHAIRMAN. What would that cost the Brazilian housewife to buy a pound of butter?

Mr. ZIPER. She would be unable to buy butter.

Everything is tied to the dollar. A Cadillac in Brazil is \$25,000.

The CHAIRMAN. What?

Mr. ZIPER. A Cadillac, in Brazil, costs \$25,000.

It is true this is not the fault of people here, but nevertheless, everything that is expensive is tied to the American dollar.

The CHAIRMAN. Do you mean then that it is not even possible for an ordinary family in Brazil, certainly in certain parts of Brazil, to buy butter, if it is made available to them, because of the high exchange rate?

Mr. ZIPER. That is correct.

The CHAIRMAN. So what you are saying to us, if I understand it, is that we should start now, quickly, to give food to starving people in Brazil.

Mr. ZIPER. Yes, sir.

The CHAIRMAN. And we should do it in such a way that the people who receive it will know where it came from and know it is a gift?

Mr. ZIPER. Yes, sir.

Mr. GATHINGS. Mr. Chairman, he went further, too, now. He came up with a suggestion that if we went in there with an airlift, or some similar method of delivering this food, something that rings out, that it might get just a little bit of attention from the people who are really needing that food.

Mr. ZIPER. Yes, sir, Brazil made much of the fact that we sent airplanes to the Caribbean area when Vice President Nixon was in Venezuela. The same people made the comment "would it not have been a nice gesture if we used planes to transport food to our starving neighbors."

I am positive had the United States created an airlift to supply food to the starving people of Brazil, in this hour of crisis, the news would have traveled quickly, Peru would have known about it, Argentina would have known about it, Venezuela would have known about it, and the reception might have been a lot different. Brazil is the largest country in South America, it is not completely undeveloped.



It has a tremendous potential—every kind of raw material. And yet, the country, because of its dependence on the export of coffee, cocoa, and cotton to a large extent, finds itself with no dollars on hand.

The cruzeiro has risen from 60 to 70 to 140 cruzeiros per United States dollars. Now with that kind of increase you can understand the danger facing the country.

Mr. GATHINGS. Don't you think the people resent America by virtue of the fact that they are starving and need this food and they say "well now, that nation has the food and we are not getting it." Do they resent us for having a commodity available?

Mr. ZIPER. No, I think the biggest resentment comes from the fact that at every instance they have shown their loyalty to America. They are a wonderful people, the Brazilians, very fine people. They resent the fact that so much aid has been given to Europe and elsewhere and in comparison so little to them. When the First World War was declared, as well as the Second World War, they were on our side, they sent troops, they gave us bases all over Brazil. When there was a shortage of rubber, we went to them. They got along well with our soldiers. Today they look back and their opinion seems to be that we have helped those who were our enemies far more than those who were our friends. They feel one way to get immediate help is to present the picture that there is a threat of communism.

The CHAIRMAN. Mr. Ziper, I certainly appreciate your appearing before the committee and giving us this information about the distressing situation in Brazil. I think now that I will probably call a meeting of the full committee for next Wednesday morning, at which time we will invite someone from the State Department to testify, and someone from the Foreign Agricultural Service to testify. We shall in the meantime, communicate with someone from the Brazilian Embassy for the purpose of discussing the situation at that level.

The CHAIRMAN. It is so late now I think we will conclude the hearing for the day and adjourn subject to call. Is there someone here from the State Department?

Mr. ERNEST. Siracusa?

Mr. SIRACUSA. Yes, sir.

The CHAIRMAN. Will you be available Wednesday morning if we arrange a meeting of the committee?

Mr. SIRACUSA. Yes, sir.

I think from what I have heard, Mr. Chairman, that I could clarify the situation rather quickly now for you if you have just a few moments.

The CHAIRMAN. You mean the Brazilian situation?

Mr. SIRACUSA. Yes, sir, regarding the drought in the Recife area and some of the things which have been said by the witness.

Mr. CHAIRMAN. If the committee will stay for a few minutes, we shall be glad to hear you now.

Thank you, Mr. Ziper.

We shall call Mr. Siracusa.

**STATEMENT OF ERNEST V. SIRACUSA, OFFICER IN CHARGE OF  
BRAZILIAN AFFAIRS, STATE DEPARTMENT**

Mr. SIRACUSA. Mr. Chairman, I am the officer in charge of the Brazilian affairs in the State Department.

The CHAIRMAN. All right, sir, do you wish to comment on this news article in the Time Magazine and on Mr. Ziper's statement?

Mr. SIRACUSA. Mr. Chairman, I was called about a half hour ago——

The CHAIRMAN. I know.

Mr. SIRACUSA. And asked to come.

The CHAIRMAN. I apologize for calling you so late, but we had difficulties here and we have been interrupted by roll calls.

Mr. SIRACUSA. I merely want to say I have not come prepared with a statement to make, nor would I think it proper to discuss in a broad general way many of the comments which were made by the witness.

But I think that I might clarify for you some of the situation regarding the drought in the northeastern area of Brazil, which I understand was the primary purpose for the witness coming here to speak to the committee.

We have been aware of this situation in the Department of State for some time. We have had reports from our Embassy in Rio de Janeiro and from the American consulate in Recife.

We received just 2 or 3 days ago a very detailed report from the consulate in Recife on this situation. I could, if you wish, run through it briefly to give you some idea of the magnitude of the situation there.

Let me say this much, however, I can confirm what the witness said, that there is a near-disaster situation in that area of Brazil, due to a very serious drought. This is not an uncommon situation. Almost every year that area in Brazil is visited by drought, but this year it is much more serious than usual.

Now regarding the possibility of United States aid, our Ambassador in Rio de Janeiro, being aware of this situation, has discussed it with the foreign office of Brazil and has reported to the Department of State. In cooperation with the International Cooperation Administration, we instructed the Ambassador some time ago that we are prepared to enter immediately into a title II relief program for this area, involving dried milk, which was indicated to be the commodity most needed. We have given consideration to airlifting some of this material to Brazil if it is required. We have also taken steps to assist the voluntary relief associations which have been operating in Brazil; the United Nations Committee for the UNICEF—it is a feeding program for children around the world—the United Catholic Welfare Association and others which have programs in Brazil. The UNICEF, as a matter of fact, has a great quantity of dried milk already in Brazil, and some of that is now moving to the drought area in increasing quantity.

At the initiative of our Ambassador in Brazil, several weeks ago United States Air Force, which had a large transport aircraft in Brazil, participated with the Brazilian Air Force in airlifting food stuffs, emergency food stuffs, to the drought area.

The CHAIRMAN. Several weeks ago?



Mr. SIRACUSA. Yes, sir. So far we have not received a formal request from the Brazilian Government for the aid of this Government. As soon as such a request is received, I have every confidence that we can very quickly assist in providing milk, and possibly other human food stuff for relief in that area.

Now some comment has been made about the existing Public Law 480 agreement with Brazil. We have signed two such agreements with Brazil. In 1955 there was one involving about \$40 million worth of wheat. That agreement is concluded. In the summer of 1956 we signed a 3-year agreement with Brazil providing for shipment of 1,800,000 tons of wheat to that country. The performance under that agreement the first year has been accomplished.

We are now discussing—as a matter of fact, when I was called by the committee today, I was in discussions with the Minister Counselor of the Brazilian Embassy regarding certain problems which have arisen in connection with the second year of shipment. I believe this is the 700,000 tons of wheat of which you spoke during your discussion with the witness. I have every confidence that within a very short time these problems will be solved so that shipments of this wheat, for which the Brazilian Government will pay in cruzeiros, may go forward. This wheat is sold under title I of Public Law 480 and it is not distributed through relief channels; it enters into regular channels of commercial trade in Brazil.

The CHAIRMAN. How much has gone into Brazil for relief purposes, anything at all?

Mr. SIRACUSA. No, sir, there has been nothing, that is on the part of the United States Government so far because the Brazilian Government has not yet requested our assistance.

The CHAIRMAN. You heard the testimony of Mr. Ziper which indicated there was some reluctance on the part of the people in Brazil to make such a request, and that perhaps the starving people in the five northern states were not even aware of the availability of these surplus commodities?

Mr. SIRACUSA. Mr. Chairman, the witness made reference, I believe, to a direct request which the governor of one of the states had addressed to our Ambassador. The Ambassador indicated that the proper channel for the request would be through the National Government of Brazil, that he could not enter into arrangements with a governor of a State for this purpose.

The CHAIRMAN. You mean the President of Brazil cannot deal with a governor of Brazil like the President of the United States deals with the governors of our 48 States?

Mr. SIRACUSA. The President can, but our Ambassador could not enter into an arrangement with the governor of a state for a program. We are in communication with the foreign office on this problem, and actually we are awaiting a request. We understand it is in preparation.

The CHAIRMAN. Well, here while you are waiting, according to this article in Time magazine—I do not suppose you will argue this paper is not sometimes reputable, although at other times it may be disreputable—here is an article which says that 2 million people are gnawing cactus plants.

Mr. SIRACUSA. Mr. Chairman, the Brazilian Government is actually undertaking on its own a quite extensive relief program in the area.

There is apparently no shortage of general foodstuffs, or cereals, and other things in Brazil to meet this need, and the Brazilian Government is moving such commodities to that area and is undertaking work projects so that the afflicted people can earn wages whereby they can buy this food.

The CHAIRMAN. Here is a boy working for 40 cents a day, according to this, while his mother was dying of starvation.

Mr. SIRACUSA. That is the prevailing wage in the area, sir.

The CHAIRMAN. Forty cents a day will not buy much food, will it?

I am getting away from the buying proposition, I am concerned about the idea that there are 2 million people gnawing on cactus plants and digging holes in dry riverbeds trying to find water to subsist on, and yet our warehouses are bulging with food, and we wait and wait and wait.

Mr. SIRACUSA. Well, sir, I do not know of any way in which we can actually send this food on our own.

The CHAIRMAN. You said something about having an airplane down there. What kind of plane did you have, and what did the plane do?

Mr. SIRACUSA. This was an Air Force plane which——

The CHAIRMAN. Did what?

Mr. SIRACUSA. It participated with the Brazilian Air Force in air-lifting Brazilian relief supplies from other areas in Brazil to the afflicted area. This was a voluntary act on the part of the Embassy to afford more transportation to them, as a gesture.

The CHAIRMAN. You mean they have not asked——

Mr. SIRACUSA. It was a very large Air Force transport plane which happened to be in the area on some other mission, and the arrangements were made for it to assist the Brazilian Government.

The CHAIRMAN. To what extent did it assist, with one flight or more than one flight?

Mr. SIRACUSA. Sir, I am not certain about that. I believe it made several flights. I think I could verify it if I had——

The CHAIRMAN. Do you not think that if you were to communicate, and you are certainly in a position to do so in the State Department, directly with the President of Brazil, and tell him that we have, by congressional act, made foodstuffs available to hungry people in Brazil, and that we have prepared to deliver vital foods to the suffering people of Brazil, and that we could try to expedite a shipment by a plane if necessary, that the response would be favorable and the food would go out and starvation would be prevented, and we would make good will for our own Government?

Mr. SIRACUSA. We are very anxious to do so, Mr. Chairman, and we have informed the Brazilian Government of our willingness to assist them. And we are awaiting their request. We understand they are working on it.

Mr. GATHINGS. Mr. Siracusa, when was that done, how long ago?

Mr. SIRACUSA. May I consult these, sir?

On April 30, we instructed our Embassy to inform the Government that upon receipt of information from them a title II drought relief program involving dried milk and other human foods would be possible.

The CHAIRMAN. Have you ever had an answer to that?

Mr. SIRACUSA. We have not had a request as a result of it, sir.



The CHAIRMAN. Well if there is any reluctance from the State Department on sending a telegram to the President, I will send one. I do not mind sending one. I will send him a telegram and tell him what the law provides and tell him the food is here. It seems to me that is the job of the State Department or the Foreign Agriculture Service.

Mr. SIRACUSA. Mr. Chairman, I have a telegram here which I would have to paraphrase, but the substance of it I would like to make available to you.

The CHAIRMAN. All right.

Mr. SIRACUSA. The Embassy is informed that the Foreign Office, under instructions of the President, and with his knowledge is preparing to coordinate a request for assistance from the United States involving dried milk.

So the President is aware of our willingness, sir, his Government is aware of it.

The CHAIRMAN. Why are you limiting it to dry milk when you have corn and you have butter and you have wheat?

Mr. SIRACUSA. There apparently is no need for other commodities. With regard to wheat, there are very adequate quantities available to Brazil under the existing Public Law 480 agreement.

The CHAIRMAN. You have had Public Law 480 agreements since 1956, have you?

Mr. SIRACUSA. Sir, that was a 3-year agreement in which shipments were to be made each year for 3 years. It is split into 3 years, shipments of 1,800,000 tons over 3 years.

Mr. HAGEN. Will the gentleman yield?

You have stated there is no shortage of these foods in the country of Brazil, but the question is not one of the physical availability of goods but who is going to provide it, donate it, who is going to donate the foods when there may be some reluctance on the part of the Brazilian Government to enter a cost-donation program? We have the same problem in this country; there may have been undernourished people in California, and I am sure down in North Carolina. Government foods are available here, but some of the county supervisors are just reluctant to donate the food because they feel if the people are getting a handout they will not work, and there are considerations like that.

Now you are saying, in effect, we cannot force the Brazilian Government into a position where they have to accept a donation from this country?

Mr. SIRACUSA. Our information, sir, is that they have for the most part in stocks in Brazil or available to them by which they can easily obtain sufficient cereals and most basic foodstuffs. What the Brazilian Government itself has already taken action in this area to finance, this is the national Government as well as the state governments, are public-work programs to employ the people in the area so that they may buy these foods which the Government is shipping to that area. So it will be available for them. This is their method of carrying out this relief, not just to hand it out, but to finance work programs so that the people may purchase it.

The CHAIRMAN. May I interrupt you? You say making it available for these people to buy?

Mr. SIRACUSA. Yes, sir.

The CHAIRMAN. In this article it says that the people, many of them, have never slept in a bed, never had enough to eat, and they never attended school. I assume they are not able to earn enough to buy the food. Here is one story of a boy working for 40 cents a day, while his mother was starving and finally did starve to death.

Now I think the Congress intended, we intended when we passed the law, to make food available free of charge. That is what Mr. Zipser is here about. He is not talking about selling something to them. He is talking about giving it to them—give it to them in a dramatic fashion so that everyone there will know that “here comes the American plane laden with vital food.”

Mr. SIRACUSA. This is what we intend, sir. As I mentioned, the program which we contemplate is under title II of Public Law 480, which is relief to be given away to the people. This would not be sold.

The CHAIRMAN. You wire them and say you can send them flour, cornmeal, butter, milk, and all the foodstuffs that we have in storage, and we will be glad to fly it in, and I cannot imagine their refusing to accept it.

I conclude by saying that I think this article in Time magazine, and this hearing here today, would be the finest sort of Communist propaganda. All they would have to do is pick it up and show it to the people of the world: here is great, rich America, with bulging warehouses of food, permitting 2 million people south of the border to gnaw cactus plants rather than carry the food to them. I do not see how we can sit idly by and say we are going to wait and operate in routine fashion, through State Department channels, and be technical about to whom the message is addressed.

It looks to me as if Mr. Dulles could communicate with the President, or you could communicate with someone who could communicate with the President, and tell him that we are concerned over the fact that there is suffering in certain parts of Brazil, and offer our assistance. Now if we do not act, probably the time will come soon when you will not even be able to go to Brazil, much less Mr. Nixon, much less the members of this committee. I tell you, with the anti-feeling in Brazil now, as a Member of Congress representing in some official capacity this Government, I would not feel that I would be welcome in Brazil.

Mr. SIRACUSA. Mr. Chairman, I mentioned that we are prepared to offer dried milk, because that is what we were told was the need. We also said, as I read from this message, dried milk and other human foods under title II, which is relief to be given away, not to be sold, and these supplies when they are sent, are sent properly marked and packaged to identify that they come as a gift from the American people. We are awaiting a request to do this. And we are contemplating the possibility of airlifting so that the people will see where this comes from.

The CHAIRMAN. Could you send a message by cable to the Brazilian Government and ask for a reply to that telegram, and have it here by Wednesday?

Mr. SIRACUSA. Sir, we communicate with the Brazilian Government either through their Embassy here or through our Embassy there, and we have done so.

The CHAIRMAN. All right. Off the record.  
(Discussion off the record.)



The CHAIRMAN. We shall adjourn this meeting now, and I will arrange to have the meeting Wednesday morning with the full committee. At that time some other members might want you to come back and conclude your testimony because we have only a few members here this afternoon for the reason that we have an unusual parliamentary situation in the House.

(Whereupon the hearing was adjourned at 5:05 p. m.)

(Without objection by the chairman, the following letters and telegram are inserted in the record:)

HOUSE OF REPRESENTATIVES,  
Washington, D. C., May 23, 1958.

The Honorable HAROLD COOLEY,  
Chairman, Committee on Agriculture,  
House of Representatives,  
House Office Building.

HELLO CONGRESSMAN COOLEY: Your committee will soon be taking action on the proposed extension of Public Law 480. It is sincerely hoped that you will see fit to report favorably on a 2-year extension of the act.

The problem of our surpluses has been one of the most vexing we have. Although Public Law 480 hasn't been the complete answer, it certainly has been a definite aid in moving commodities into friendly nations abroad where the need is great for the products we have in abundance. The accumulation of surpluses has started the downward trend and the movements under Public Law 480 can take a good share of the credit.

Since 60 percent of the exports were for dollars last year, we have funds for our agencies in these countries, plus money to loan back to the countries to further their economic development. Under the barter provisions, we have been able to exchange our surplus commodities for strategic materials. Under title III, we can make donations for emergency relief which have been most helpful in alleviating suffering in other countries.

It is my firm conviction that this type of program goes a long way toward winning more friends for the United States than most anything else that we do. It definitely coincides with the objectives of our foreign policy and should be continued.

Until our agricultural program can be put on a more realistic basis for achieving a better balance of supply and demand, I feel that Public Law 480 provides an effective means of dealing with the surpluses that plague us.

I respectfully urge the committee to give favorable attention to the extension of this measure.

Sincerely yours,

CONGRESSMAN FRED SCHWENGEL.

MICHIGAN FARM BUREAU,  
Lansing, Mich., May 9, 1958.

HON. HAROLD D. COOLEY,  
Chairman, House Committee on Agriculture,  
Washington, D. C.

DEAR MR. COOLEY: As your committee considers the extension of the Agricultural Trade Development and Assistance Act, which is well known to our members as Public Law 480, we would like to have the statement of Michigan Farm Bureau available for use by your committee members.

At the last annual convention of the Michigan Farm Bureau, more than 700 voting delegates considered and approved the following resolution:

"We endorse the Agricultural Trade Development Act, Public Law 480, to make possible a temporary program to expand the sale of agricultural products and surplus supplies to countries with dollar shortages.

"The Public Law 480 program helps to increase farm exports by:

"(1) Making possible sales of farm products in addition to the normal dollar sales;

"(2) Establishing private trade channels for sales of farm products which could be continued with dollar sales after the termination of the program; and

"(3) Using part of the currency received from such sales to develop new markets or expand old markets for farm products.

"We urge that the administration of this act be held in strict conformity to these objectives, and that it be discontinued when no longer needed."

These delegates, representing more than 70,000 Michigan farm families, acted in the knowledge that this program should be considered as an additional outlet for agricultural commodities, not as a program to replace normal trade operations.

We believe that the use of Public Law 480 funds should not be extended to cover manufactured goods, as was included in the Senate version. This might open the door to almost unlimited extensions into subsidized trade.

We appreciate the opportunity to present our point of view on this matter.

Sincerely,

DAN E. REED, *Associate Legislative Counsel.*

MASSACHUSETTS FARM BUREAU FEDERATION, INC.,  
Waltham, Mass., May 12, 1958.

Representative HAROLD D. COOLEY,  
*House of Representatives Office Building,*  
*Washington, D. C.*

DEAR REPRESENTATIVE COOLEY: Since Massachusetts does not have a member on your House Agricultural Committee, I am taking the opportunity through you to express our position in favor of S. 3420 which is the extension of the agricultural trade development and assistance act (P. L. 480).

I know your committee will be considering this legislation some time in the near future and we are quite concerned about the measure since in recent years it has meant the export of poultry and dairy products as well as tobacco all of which are substantial agricultural industries here.

We know that if these exports are discontinued, many millions of acres of cropland would, of course, have to be taken out of the production of these exported items and undoubtedly this land would be shifted to the production of other commodities, such as more dairy, fruits and vegetables or poultry and poultry products and this would put our farmers in a very hazardous position since our State's agricultural industry is made up primarily of dairy and poultry farmers.

Of course another factor which mustn't be overlooked is that this reciprocal trade act has created much good will with some of our overseas neighbors and undoubtedly has improved our Nation's security. We respectfully urge your committee's support of this measure (S. 3420).

Very truly yours,

JOHN MCMASTER, *Commodity Director.*

RHODE ISLAND ASSOCIATION OF FARMERS, INC.,  
Saunderstown, R. I., May 13, 1958.

Congressman HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,*  
*House of Representatives, Washington, D. C.*

DEAR CONGRESSMAN COOLEY: The Rhode Island Association of Farmers, Inc., would like to go on record as favoring the extension of Public Law 480, the Agricultural Trade Development and Assistance Act.

It is our understanding that this law was enacted as an emergency measure to dispose of agricultural surpluses in such a way to bring benefits to our country. This objective is a good one and a great deal of exports have moved under this act and therefore we support the extension for 2 years of Public Law 480 only as a temporary measure in the hope that future markets may be developed on a dollar basis.

We urge that your Committee on Agriculture report favorably on this act. Thank you for your consideration.

Sincerely yours,

DEAN C. SMITH, *Executive Secretary.*



NEW HAMPSHIRE FARM BUREAU FEDERATION,  
Concord, N. H., May 13, 1958.

HON. HAROLD D. COOLEY,  
*Chairman, House Agriculture Committee,*  
*House Office Building, Washington, D. C.*

DEAR CONGRESSMAN COOLEY: This letter is written relative to S. 3420, extension of the Agricultural Trade Development Act (Public Law 480).

We would like to state that the New Hampshire Farm Bureau Federation concurs fully with the position of the American Farm Bureau Federation relative to S. 3420. The position of the American Farm Bureau was presented to you by Mr. Lynn and others.

We consider Public Law 480 to be a temporary act. The continued sale for foreign currency only will place American agriculture in a position where it can't make the desired volume of sales in any other way.

We would like to point out also that section 6 of S. 3420, in line 6, which was a Senate amendment, including "products manufactured from upland or long-staple cotton" is something that we would think was never considered as logically a part of Public Law 480 when it was enacted originally, and we cannot see how such wording is now justified in the act.

Very truly yours,

ALFRED L. FRENCH, *Managing Director.*

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS,  
SYRACUSE UNIVERSITY CHAPTER,  
May 15, 1958.

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,*  
*House of Representatives, Washington, D. C.*

DEAR REPRESENTATIVE COOLEY: The following resolutions were passed by the executive committee of the Syracuse University Chapter of the American Association of University Professors on May 14, 1958:

"Resolved, That the Syracuse University Chapter of the American Association of University Professors through its executive committee warmly supports the bill called H. R. 11906 (85th Cong., 2d sess., referred to the House Committee on Agriculture), to amend the Agricultural Trade Development and Assistance Act to permit use of counterpart funds derived from sale of surplus agricultural commodities abroad, for abstracting, translating, and acquiring significant scholarly works. Our university faculties are greatly interested in having such material available in this country.

"Resolved, That copies of this resolution be sent to the sponsor of the bill, Representative John Dingell; to the chairman of the House Committee on Agriculture, Harold D. Cooley; to Senator Irving M. Ives, Senator Jacob Javits, Representative R. Walter Riehlman."

Sincerely yours,

FLORENCE R. VAN HOESSEN, *Secretary.*

SYRACUSE UNIVERSITY,  
COLLEGE OF LIBERAL ARTS,  
Syracuse, N. Y., May 23, 1958.

HON. HAROLD D. COOLEY,  
*House Office Building,*  
*Washington, D. C.*

DEAR CONGRESSMAN COOLEY: At its regular May meeting the faculty of the College of Liberal Arts at Syracuse University unanimously adopted the resolution transcribed below and sent to you herewith for your information.

"Resolution adopted by the faculty of the College of Liberal Arts, Syracuse University, May 12, 1958:

"Resolved, That the College of Liberal Arts of Syracuse University strongly recommends the enactment of a bill recently introduced in the House of Representatives (H. R. 11906, 85th Cong., 2d sess., referred to the House Committee on Agriculture), to amend the Agricultural Trade Development and Assistance Act to permit the use of counterpart funds derived from sale of surplus agricultural commodities abroad, for abstracting, translating, and acquiring significant foreign scholarly works.

"This project would provide access to foreign scholarship, literature, historical documents, and creative works hitherto insufficiently known in this country and inaccessible to most American scholars—especially from nations of Eastern Europe, Asia, Africa, and Latin America—and would enrich our own cultural resources tremendously. Use of these foreign currency credits, now inconvertible into the United States dollars, for scientific, educational, and spiritual imports may be of incalculable benefit to the United States and to our future relations with the countries concerned. We urge the Congress to enact this legislation, or suitable legislation to this purpose, and to make the resulting publications and other materials accessible to university libraries and whatever other centers of study can best serve the American public and scholarly community.

"*Resolved*, That copies of this resolution be placed at the disposal of the senate of this university and the administrators of our institution; that copies be sent to the sponsor of the bill, Representative John Dingell, to the chairman of the House Committee on Agriculture, to Senators Jacob Javits and Irving Ives, and to Representative R. Walter Riehlman."

Sincerely yours,

PROF. WINTHROP H. RICE,  
*Secretary of the Faculty, College of Liberal Arts.*

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WYOMING FARM BUREAU FEDERATION,  
*Laramie, Wyo., May 24, 1958.*

HON. HAROLD D. COOLEY,  
*Chairman, House Agriculture Committee,  
House Office Building, Washington, D. C.*

DEAR CONGRESSMAN COOLEY: I notice that the Senate has passed S. 3420, providing for a 2-year extension of the Agricultural Trade Development and Assistance Act (Public Law 480) and has sent it to the House.

This letter is to inform you that the Wyoming Farm Bureau Federation is in complete agreement with the testimony recently given by the American Farm Bureau in regard to the extension of the act and the recommendations they made thereto.

I would like to reemphasize the fact that we sincerely hope that Public Law 480 will not become a permanent measure for disposing of surplus commodities. In our opinion, the long-run effect of a program like this would be very harmful to agriculture. I sincerely urge you to consider reducing the provisions of the Senate bill to an authorization of \$1,250 million for fiscal 1959 and then a reduction in fiscal 1960 to \$750 million.

It occurs to me that only by the limitations of funds provided by the Congress will we keep Public Law 480 as a temporary program with eventual elimination of the program.

The last point I wish to leave with you is on the amendment passed by the Senate which makes cotton manufactured goods eligible for sale under Public Law 480. This has very serious implications because it gives rise to the question as to whether or not other processed agricultural products should not also have an opportunity to be sold under the provisions of the act. One needs to reflect only a minute to think of quite a group of manufactured products, which originally came from agricultural production, that could rightfully come and ask inclusion under the provisions of this program should we allow the cotton amendment to stand.

I would appreciate very much your reaction to these recommendations. I sincerely hope that they will be favorable.

Sincerely yours,

JOHN C. CLAY, *Executive Secretary.*

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GREENSBORO, N. C., May 21, 1958.

HON. HAROLD D. COOLEY,  
*Chairman of the House Committee on Agriculture,  
House Office Building, Washington, D. C.*

The North Carolina State Grange favors the extension of Public Law 480 for at least a 2-year period so that the administration of the act can be planned and implemented on a more efficient and effective basis. We hope that Congress will emphasize the market-development features of the program. We also rec-



commend that the Secretary of the Agriculture be given broad powers to enter into barter arrangements in moving surplus agricultural products and we hope that Congress will provide sufficient authorizations to assure the full use of Public Law 480 in an efficient manner.

HARRY B. CALDWELL,  
Master, North Carolina State Grange

JUNE 5, 1958.

HON. HAROLD D. COOLEY,  
Chairman, The House Committee on Agriculture,  
Room 255 Old House Office Building, Washington, D. C.

MY DEAR MR. COOLEY: Thank you for your courtesy in giving me the opportunity to talk with you yesterday and for your understanding of the situation concerned.

Letters to you from the heads of several of the voluntary agencies in support of the renewal of provisions of Public Law 480 relating to the donation of surpluses for overseas relief are on their way and should be received in your office by the time this arrives.

As per your suggestion, a short list of comments for possible inclusion in the committee's report on the new bill has been sent to Miss Downey. A copy of this is enclosed.

I hope that the letters and comments relating to our conversation yesterday will be of assistance to you and to the members of your committee.

If there is anything at all that the agencies or the American Council of Voluntary Agencies for Foreign Service, Inc., can do to be of help to you in anyway, please advise me immediately. I can be readily reached by telephone (collect) at Spring 7-6300 in New York City.

Very sincerely yours,

G. E. BLACKFORD.

#### SUGGESTIONS FOR COMMENTS IN COMMITTEE REPORT ON NEW PUBLIC LAW 480 LEGISLATION

##### 1. *Definitions of intent as to application of provisions of titles*

It has been the understanding of the voluntary agencies that title II was designed for emergency applications of relief in cases of famine, disaster or other extraordinary events.

A definitive statement concerning this would be constructive and would parallel similar statements in Senate committee prints.

##### 2. *Application of processing authority in title III*

This authority has been used to date only to process wheat and corn into flour and meal. Broader and perhaps more imaginative application of this authority could be made, e. g., obtaining oil from commodities in abundant supply.

At the present time commodities available for foreign distribution consist of the following: Powdered milk, cheese, grains, flour and meal. Oils and fats are basic dietary needs and are unavailable and greatly needed.

Butter oil and protein meal plus water (roughly one-third each) result from the processing of cheese. The oil and the meal can be used in many areas where cheese distribution is impractical.

Savings on ocean freight costs (no water) and lower storage costs (through greater disposal) would slightly exceed processing costs.

Similarly corn yields oil, cornstarch and syrup, diet items greatly needed to balance overseas feeding programs.

##### 3. *Wider Use of Surplus Among Needy Students in Overseas Institutions of Higher Education*

Surpluses are not now available for feeding programs in institutions of higher education abroad, largely because in America college and university students are not classified as needy, this fact being as a yardstick in determining administrative criteria for overseas program approvals.

This is unrealistic in application overseas where thousands—unemployable for lack of opportunity—seek to improve themselves by higher education. These institutions training leaders of tomorrow—of vast importance to the free world—should have easy access to relief provisions.





## EXTEND PUBLIC LAW 480

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### Agricultural Trade Development and Assistance Act of 1954

WEDNESDAY, MAY 28, 1958

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D. C.*

The committee reconvened pursuant to adjournment at 10:20 a. m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will be in order.

Mr. SNOW, will you come around, please.

Will you identify yourself, tell us what your official title is.

#### STATEMENT OF WILLIAM P. SNOW, DEPUTY ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS

Mr. SNOW. My name is William P. Snow. I am Deputy Assistant Secretary of State for Inter-American Affairs.

The CHAIRMAN. Mr. SNOW, we have under consideration the extension of Public Law 480, under which we have been making surplus agricultural commodities available to people in different parts of the world.

A few days ago a very deplorable situation in Brazil was brought to the attention of the committee by a gentleman from New York who had been in Brazil for a few months. He told us that the people of Brazil were in great need and that in five states of Brazil the people were starving to death. The same day he appeared before the committee there appeared an article in Time magazine.

Have you seen that article?

Mr. SNOW. No, sir; I have not read that.

The CHAIRMAN. It indicated that there were 2 million people in Brazil who were desperately in need of food, that they were sucking cactus plants to stay alive. Apparently, there were few people who had died from starvation.

It occurred to me that since we have this food, and it is available, we could do something to see if we could share the food with them and do it as expeditiously as possible.

If you can tell us anything about the situation in Brazil we shall be glad to hear it.

Mr. SNOW. Mr. Chairman, I think my colleague, Mr. Siracusa, last Thursday gave some testimony on this subject, in the course of which he brought out that the area in northeast Brazil which is affected by this drought has a recurrent condition each year. It varies in severity,

but even on the average there is a condition there each year in the dry season which verges on a serious drought. It causes people to leave the area for part of the year, to move about in it, and so it is in a sense an old story, although it reaches peaks in certain years. It is not possible to estimate at the beginning of the dry season how bad it is going to be.

From my observation of the incoming messages from our consulates and our Embassy in Brazil, we began to become aware of the seriousness of this year's drought in the latter part of March. Although it was not at that time certain of course how long it was going to last or how severe it would be.

On the 11th of April our Ambassador and other officials of the Embassy spoke with the top authorities of the Brazilian Government about the drought. They expressed their own personal concern and asked if there was any way in which we could help. Part of the answer given was that the President of Brazil himself was not only aware of the condition, but that he was going to visit the area personally to see for himself what the conditions were. I understand he did this just a few days after the April 11 conversation.

And it was left with our officials that when he had made his appraisal he and his government would then be in a position to tell us what if anything we might do to help.

When he returned—shortly after his return—we were informed that the greatest need that we might supply would be under title III for the time being. One thousand tons of powdered milk were involved which the National Catholic Welfare Council desired to distribute.

And so the first request made of us and the only one so far, was to expedite in every possible way the shipment through the National Catholic Welfare Council the 1,000 tons of milk. We promptly did that.

Those consignments are due to arrive in port right at the drought area within the next few days.

The possibility of a title II grant of emergency assistance was, also, discussed at various times during the months of April and May with the authorities of the Brazilian Government.

I can assure you that they are fully aware of the possibilities under title II.

So far they have not requested us to give title II assistance.

I am told that there are ample or, at least adequate supplies of all of the basic foods in the Republic of Brazil now. The difficulties experienced by the Government in remedying the severe conditions are in the realm of transportation, which is not widespread in that relatively undeveloped area in distribution facilities which except in the commercial sense are not easy to create in a hurry. And then of course, the problem of internal financing.

The Government has taken definite steps financially and in terms of organizing distribution to relieve the distress.

I was on the telephone with our Embassy just this morning before I came here, as well as having received a telegram yesterday from our Embassy giving the latest estimate of the situation.

The May 26 message, Mr. Chairman, states in effect that the Brazilian Government's relief to the area together with the assistance now being provided under title III, that I have mentioned, and



the enlarged program of the UNICEF, appears sufficient at the present time.

We have organized a committee in our Embassy that has been standing by for some 6 weeks, headed by an expert in Public Law 480 procedure, Mr. Tyson, of the ICA, and they have been ready every day for any further requests that the Brazilian Government might care to make.

So I suggest that we have been fully apprised of the situation.

We have even taken the initiative in the beginning in bringing to the attention of the Brazilian authorities the assistance which might be available to them. They have formed their own judgment as to what assistance they should ask for.

The CHAIRMAN. Mr. Snow, you stated that the Department of State has been aware of this situation and has been standing by, ready to receive requests for food. If I understand correctly, no request has been submitted for food under title II of Public Law 480?

Mr. SNOW. That is correct.

The CHAIRMAN. Have you received an answer to the telegram about milk, sent April 28? To whom was that telegram sent?

Mr. SNOW. On milk specifically?

The CHAIRMAN. Yes.

Mr. SNOW. Do you refer to the National Catholic Welfare milk?

The CHAIRMAN. No; you sent a telegram on April 28. We were told the other day that referred to powdered milk. Have you received an answer to that?

Mr. SNOW. We were told by the Brazilian authorities that the only aid they could envision at that time, over and beyond the 1,000 tons, might be an additional 100 tons of powdered milk under title II. That has been discussed, but they have not made a request for it.

The CHAIRMAN. To whom was the telegram of April 28 addressed?

Mr. SNOW. All our telegrams go to the same place. They go to the Embassy.

The CHAIRMAN. To the Ambassador?

Mr. SNOW. They go to the Embassy. Those of major importance would automatically come across his desk the first thing in the morning. Whether they come from the ICA mission or the State Department.

The CHAIRMAN. Have you had any correspondence or any answer to that telegram of the 28th from anybody?

Mr. SNOW. We had 4 or 5 messages since that time indicating there had been conversations, further conversations with the Brazilian authorities, but they had not at the time that these messages were sent made a request under title II.

The CHAIRMAN. If I understand it you are not in a position to determine the needs because they have not advised you as to the needs. Is that it?

Mr. SNOW. They have not requested any further assistance than the 1,000 tons.

The CHAIRMAN. That has not been delivered?

Mr. SNOW. That is on the water now. They should arrive in Fortaleza, a port right at the drouth area within the next few days.

The CHAIRMAN. In the drouth area. According to the information we have, they do not even have water to drink. Powdered milk would not be of great value, would it?

Mr. SNOW. Powdered milk without any water would certainly not be.

The CHAIRMAN. I am advised that you had not seen the article in Time magazine. It certainly is a shocking article. I assume that it is accurate because we had a witness here, and in addition to that I talked to a member of the Brazilian Parliament, a gentleman here on official business, and he agrees that the situation is just as it has been described.

All of your dealings are on a government-to-government basis?

Mr. SNOW. Yes, sir; all of our official dealings.

The CHAIRMAN. You do not handle any of the shipments of food in any way, do you, it is all done through other services?

Mr. SNOW. Well, the ICA mission and the Foreign Agricultural Service do process the shipment, yes.

The CHAIRMAN. In other words, the only food that has gone there has gone under title III?

Mr. SNOW. In regard to this emergency, yes.

The CHAIRMAN. Who was it who specified the need for powdered milk? Was that some Catholic organization or some Government official?

Mr. SNOW. As I recall, the adviser to the President on emergency relief told one of our officers that it appeared to him at that time that 100 tons of additional powdered milk might be the extent of their needs under title II.

The CHAIRMAN. So there is no further request.

Mr. SNOW. No.

The CHAIRMAN. Under any section of the law?

Mr. SNOW. That is correct, so far as I know.

The CHAIRMAN. Could you give us any additional information contained in the telegrams and the messages that you have received from our officials in Brazil?

Mr. SNOW. In what sense, Mr. Chairman?

The CHAIRMAN. As to the need.

Mr. SNOW. The latest I have is the message of May 26, which states that there have been recent scattering showers throughout the area, which have been of great assistance in reducing the human suffering, but not enough so far to produce crops of subsistence foods at the usual level or of livestock forage at the usual level. Assistance will probably be needed through October and November when the normal rains occur. The Government has still not indicated any desire to request a Public Law 480 program of assistance. The final word in this is that the Brazilian Government's own relief plus the National Catholic Welfare's 1,000 tons of milk, plus the enlarged UNICEF program have seemed sufficient. That was the estimate of Embassy.

The CHAIRMAN. That was May what?

Mr. SNOW. May 26.

The CHAIRMAN. May 26?

Mr. SNOW. Yes, sir.

The CHAIRMAN. You said a moment ago that you had a team standing by in Rio for 6 weeks?

Mr. SNOW. That is right.

The CHAIRMAN. The only thing that it has been able to give you is the information that you have given us, that they needed help?



Mr. SNOW. The team was standing by in the event a title II request came forward. They wanted to be able to act on it immediately and that is why the committee was standing by.

Mr. ANFUSO. Mr. SNOW, are you in charge of South American affairs?

Mr. SNOW. No, sir; Mr. Rubottom is in charge and I am his deputy.

Mr. ANFUSO. You are his deputy?

Mr. SNOW. Yes.

Mr. ANFUSO. Can you tell us what the trouble was in Peru and Venezuela?

Mr. SNOW. In connection with the Vice President's visit?

Mr. ANFUSO. Yes, sir.

Mr. SNOW. I couldn't do it in a few words.

Mr. ANFUSO. Tell us what Peru was complaining about so far as our relationship with it and what was Venezuela complaining about? What have we not done in those two countries that we should have done?

Mr. SNOW. The focus of the Peruvian complaint had reference to the fall in the price of copper and to the fall in the market for copper, coupled with indications from Washington that action might be taken to restore the previous tariff rate on copper and possibly in other ways to restrict the importation of copper. That is one of the chief obstacles in the minds of many Peruvians.

They are, also, affected by the lead-zinc markets to a lesser degree. They are a mining country.

The action being actively discussed in Washington over the past several years concerning lead and zinc has caused them concern. Those are two of the definite elements.

Mr. ANFUSO. That is Peru?

Mr. SNOW. That is Peru.

Mr. ANFUSO. Are those some of the things that we import through our barter program under Public Law 480?

Mr. SNOW. Those are normal commercial imports, Mr. Anfuso.

Mr. ANFUSO. Some of those are, also acquired through barter, are they not?

Mr. SNOW. I would doubt those two metals were, because they flow through normal trade, commercial trade channels.

Mr. ANFUSO. What was the trouble in Venezuela—what are they complaining about?

Mr. SNOW. The complaint involved, first, the matter of petroleum, the recent steps taken by our Government under the auspices of the Government to consider a restriction in petroleum imports has caused concern in Venezuela.

There has also been a change—an abrupt change—of government in Venezuela which took place on the 23d of January this year. A completely new regime has been installed.

The new Government and many of its supporters have been disturbed because two members of the former regime came to the United States, the former President, and the former Chief of the Security Police. The second man has left the United States now. I understand from the press that he is in Europe in Zurich.

The President is still in the United States.

Those are two of the subjects that have come up.

Mr. ANFUSO. Do you feel that Public Law 480 is sufficiently known in South America as it should be?

Mr. SNOW. I can only give a personal estimate on that. I believe it is sufficiently known to those who are in a position to take action under it. In other words, I believe that the officials of the Latin American governments, especially those in the departments of agriculture and in the foreign office, are well aware of the three titles of the law and what it can do. In fact, they are so well aware that some of them have been very critical of it. They have claimed that it interfered with their normal marketing.

Mr. ANFUSO. The reason I say that is because I know from the Ambassador from Haiti there was a change of government there, too. There was recently a member of the Parliament who came here, a Senator from Haiti, who is, also Minister of Agriculture, and he seems to know very little about the law. I thought I would give you that for your information.

Mr. SNOW. The Minister of Agriculture just recently here?

Mr. ANFUSO. Yes.

Mr. SNOW. I met him.

Mr. ANFUSO. Did you meet him?

Mr. SNOW. Yes.

Mr. ANFUSO. Thank you very much.

Mr. POAGE. You say that one of the complaints of the Venezuelans was that we were talking of limiting our imports of oil?

Mr. SNOW. Yes, sir.

Mr. POAGE. How are imports of Venezuelan oil running right now as compared with, say a year ago?

Mr. SNOW. The voluntary restriction applied as you know to crude oil. I have not seen the exact figures on those imports of any recent date, Mr. Poage. But my impression would be that they have been affected very little by the voluntary program.

Mr. POAGE. What I am asking you is, Is it a fact that we are actually importing substantially more oil right now than we were a few years ago, that is, of Venezuelan oil?

Mr. SNOW. I don't have the figures.

Mr. ANFUSO. You don't have to have any figures. I just asked you if it was not a fact that we were importing substantially more Venezuelan oil than we were a few years ago?

Mr. SNOW. Of all categories or just crude oil?

Mr. ANFUSO. Well, of all kinds of oil. They sell oil don't they? And if it is oil, it brings money into Venezuela; doesn't it?

Mr. SNOW. Yes.

Mr. ANFUSO. And we are bringing more of their products into the United States than we ever did in history; aren't we?

Mr. SNOW. I believe we are, but I don't know whether I could support the word "substantial."

Mr. ANFUSO. We all know that—it is a matter of common knowledge—everybody knows it, that we are.

Mr. SNOW. In large quantities?

Mr. ANFUSO. In large quantities—all of which is putting money into Venezuelan pockets, isn't that right?

Mr. SNOW. That is right.



Mr. ANFUSO. In other words, on Venezuelan trade we are spending more money into Venezuela than at any time of a like period of history.

Mr. HILL. At the very same time we are cutting all of the oil-well production in Texas and Colorado and other States at least 60 percent.

Mr. POAGE. Yes.

Mr. HILL. We have done that voluntarily?

Mr. POAGE. I think it is rather an unfair implication to say that the Venezuelan trouble came about through that. On the contrary, we are buying more than we ever bought.

Mr. SNOW. The issue is as much psychological as it is anything else. It is their feeling—they have a feeling about it which we can show is not nearly as serious as they believe it is—but I was replying to Mr. Anfuso about what was in the Venezuelan mind.

The CHAIRMAN. Getting back to this other subject for a minute. What information do you have from Brazil that would indicate that the anti-American feeling is very intense in that country at the moment?

Mr. SNOW. There is a certain degree of feeling among the people in Brazil who have strong nationalistic feelings and this feeling is played upon by the Communist element.

The CHAIRMAN. Our information indicated that the feeling was so intense and so general that about 98 percent of the people of Brazil disliked Americans. I received this information from one official of the Government of Brazil who said there were at least 80 percent who disliked Americans.

Mr. SNOW. Those are much higher figures than any I have heard.

The CHAIRMAN. It is difficult for me to understand why starving people would not ask for food. You said we have had no official request for food, have you any explanation for that? What is your opinion about it?

Mr. SNOW. My own opinion is that the Brazilian Government has made its own decision in the matter.

The CHAIRMAN. They what?

Mr. SNOW. Made its own decision about how much assistance is needed.

The CHAIRMAN. Off the record for a minute.

(Discussion off the record.)

The CHAIRMAN. If there is anything that we can do to get the food down there it seems to me we should do it.

Mr. HOEVEN. How much of our taxpayers money have we appropriated for Brazil in the last 10 years?

Mr. SNOW. There have been large-scale bank loans, Mr. Hoeven, somewhat over \$1 billion, but that is a different matter than pouring in grant assistance. We assume and have every reason to believe that those loans will be repaid.

As for the grant assistance there has been some military aid. I do not have the figures at present.

In keeping with our hemisphere defense arrangement with Brazil and other Latin-American countries.

Mr. HOEVEN. Mr. Poage and myself, as members of the Foreign Operations Subcommittee, went to Brazil in October 1956. While we

were there an agreement was signed for the sale of some \$41 million of our agricultural commodities under Public Law 480. Everybody seemed to feel very happy about it. Perhaps we have arrived at the point where we must again conclude that money simply does not buy friends.

My contacts with Brazil at the diplomatic level, and with our agricultural attachés and the Minister of Agriculture were most friendly. They seemed to welcome us with open arms. That was the impression I got. I wondered what happened in the meantime?

Mr. SNOW. I don't think there has been any radical change.

Mr. SIMPSON. Mr. SNOW, do you know whether or not any other country of the world is shipping foodstuff to Brazil on a similar basis, just waiting by?

Mr. SNOW. The only instance of that that comes to my attention, Mr. Simpson, is a consignment of food made to UNICEF.

Mr. SIMPSON. Made to what?

Mr. SNOW. The United Nations Children's Emergency fund, by the Canadians.

Mr. SIMPSON. By Canada through the United Nations?

Mr. SNOW. Yes.

Mr. SIMPSON. Has that been recent?

Mr. SNOW. Yes, recent.

Mr. SIMPSON. What type of food is that, if I may ask?

Mr. SNOW. Might I confer with my colleague on that? That was dried milk.

Mr. SIMPSON. They seem to go for dried milk?

Mr. SNOW. The reason is that they have everything else in the country. The main subsistence foods in that drought area consist of corn, beans, jerked beef.

Mr. SIMPSON. Then why are they suffering?

Mr. SNOW. The main reason I think is the difficulty in distribution and transportation.

Mr. SIMPSON. If I understand the picture right, you cannot force food on Brazil?

Mr. SNOW. No, sir; we cannot do that.

Mr. SIMPSON. It has to be through a request from the Government?

Mr. SNOW. That is correct.

Mr. SIMPSON. We have had no such request?

Mr. SNOW. We have had no such request?

Mr. SIMPSON. Do you think that we have in our surpluses the type and kind of foods that they would want in their diet? What we have to dispose of in surplus, is it desirable to them?

Mr. SNOW. The only indication they have given brings us back to the one commodity we have discussed, namely the milk. They have the other foods there.

Mr. SIMPSON. They can't be starving to death then?

Mr. SNOW. The foods are not in the right place, but they are in the Republic of Brazil.

Mr. SIMPSON. You mean geographically they exist?

Mr. SNOW. That seems to be one of the main problems.

Mr. SIMPSON. Has there been a request to set up a transportation system; have you had such a request?

Mr. SNOW. No, sir; we have not.

Mr. SIMPSON. That is all.



The CHAIRMAN. I understand Mr. John Davis recently made a study of the situation in Brazil and has filed a report with the United States Department of Agriculture. Are you familiar with that report?

**STATEMENT OF RAYMOND IOANES, DEPUTY ADMINISTRATOR,  
FOREIGN AGRICULTURAL SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE**

Mr. IOANES. I am familiar with the report but not in detail.

The CHAIRMAN. Will you call the Department and have a copy of it sent to us?

Mr. IOANES. Sir, that report has not yet been released.

The CHAIRMAN. What?

Mr. IOANES. That report has not yet been released.

The CHAIRMAN. Get it released so that we may see it.

Mr. IOANES. I will be glad to check into the matter.

The CHAIRMAN. Wasn't it made some time ago?

Mr. IOANES. The report was written some time ago; yes, sir.

The CHAIRMAN. Who was the report filed with?

Mr. IOANES. It was filed with us and with the State Department.

The CHAIRMAN. With you and the State Department?

Mr. IOANES. Yes.

The CHAIRMAN. Officials of our Government in both departments know about the contents of Mr. Davis' report?

Mr. IOANES. Yes, sir.

Mr. POAGE. Is there something in that report that Congress is not supposed to know.

Mr. IOANES. That is not the reason.

Mr. POAGE. Then what is the reason?

Mr. IOANES. The report is a frank appraisal of some of the economic problems that Brazil faces.

Mr. POAGE. We have to appropriate the money. Without having that frank appraisal, can we do an intelligent job of appropriation?

Mr. IOANES. No.

Mr. POAGE. Why can't we have it?

The CHAIRMAN. That is what we are trying to get, a frank appraisal of the economic condition in Brazil. They do not have dried milk. They have plenty of other food, we are told.

We do not need to send dried milk to starving people out in the desert who do not have water.

Mr. IOANES. I will be glad to check to see if that report could be made available.

The CHAIRMAN. I wish you would do that while we are continuing with Mr. SNOW. I would like to know what it says.

Mr. POAGE. I wanted to ask you about a general policy that I have not been able to understand. I don't mean to criticize the State Department or anybody else about it. You told us, and I think correctly, that there were nationalistic feelings in Brazil. I think that is true of a great many other countries—feelings that make them resent the United States, because they feel that if we advance them money through the Export-Import Bank or otherwise, that we ask that it be paid back, and we ask that there be some of the usual requirements of normal business. Is that what they resent?

Mr. SNOW. No, sir.

Mr. POAGE. What is it they resent?

Mr. SNOW. Well, I suppose they have a psychological situation in any developing country that is beginning to become strong, beginning to become more conscious of its place in the world. People seem in those countries to develop a nationalistic feeling that emphasizes their own poverty and inclines to turn them against foreign countries, especially large foreign countries nearby.

Mr. POAGE. Mr. SNOW, the point is, they cannot be developed without capital, can they, outside capital? That is what Brazil needs, that is what India needs, that is what Australia needs, that is what thousands and millions of people all over the world need, isn't it? They need outside capital to help them to develop their resources?

Mr. SNOW. That is right. That is the way we developed.

Mr. POAGE. I understand that. Am I not correct about these countries needing outside capital?

Mr. SNOW. They probably need outside capital as well as domestic capital in order to develop at the rate they wish to develop.

Mr. POAGE. All right; they must have capital from some source. Can we agree on that? Probably they need it. But can you agree that they do need capital from outside?

Mr. SNOW. I think they need capital in large amounts in order to develop at the rate they wish to develop; yes.

Mr. POAGE. You qualify it to a considerable degree, but basically I still think you are agreeing with me that they do need capital, either domestic or from foreign sources?

Mr. SNOW. They need it from both, in my opinion.

Mr. POAGE. All right. They need it from both. They can't get enough from domestic sources, can they?

Mr. SNOW. I think they cannot.

Mr. POAGE. I think that is right plain.

Isn't one of the reasons that it is difficult to get outside capital in a great many of these countries the very fact that they will not let the earnings on that capital flow freely and give positive assurance that the money and the earnings can be returned?

Mr. SNOW. Mr. Poage, part of the problem of sending out earnings is the balance of exchange in any given country at any given time.

Mr. POAGE. I know it is. But am I not right in saying that is one of the major deterrents to the investment of foreign capital not only in Brazil but in many other countries?

Mr. SNOW. You speak now of private foreign capital I take it?

Mr. POAGE. Yes.

Mr. SNOW. Private investment. No private investor likes to go into a foreign area where he feels the element of risk is unduly high, either as to the preservation of his initial investment or as to the servicing of a reasonable degree of profit. That is right.

Mr. POAGE. When we developed the United States, we developed it on foreign capital. We didn't have the capital at home.

Mr. SNOW. That is right.

Mr. POAGE. I am old enough to know that Texas paid to British corporations for that help. Brown Bros. loaned millions of dollars all over our country. But nobody ever resented the fact that I know of, that those people could take their money back to Great Britain. At least, we had not been taught that was one of the things that we should resent. Maybe we just were not proud enough to resent it.



We were glad to get the money. It built the railroads through our country, with very little of American money. Most of it was British.

They built utilities in our cities. And most of those bonds were sold in Europe. They took back the earnings which they made.

Were we just the victims of our ignorance when we followed the policy of saying "Why, you can take back anything you earn in the United States"?

Did it hurt us, did it make us colonists of Great Britain or France or of Holland or any of the other countries that advanced money?

Mr. SNOW. No, I don't think it did.

Mr. POAGE. Do you feel that there is anything more than a psychological difficulty? I realize the feeling is here but is there any economic justification of a feeling of resentment by these people?

Mr. SNOW. I divide the answer into two parts.

First, in regard to private investment I can assure you that I myself and many of my colleagues have spent many hours discussing private investment very much along the line that you just did, pointing out what private foreign investment did for our country in a remarkably short space of time. How we believed that the major reliance in foreign countries seeking to develop should be on private foreign investment, and apart from public sources such as we have in a limited degree. I believe that firmly and I have always espoused it.

Mr. POAGE. I won't say the largest earnings, but very substantial earnings in Brazil were made by one American cotton firm. Do you know how we get those earnings back in the United States?

Mr. SNOW. No, sir.

Mr. POAGE. Do you know who is the biggest coffee merchant in the world today?

Mr. SNOW. Yes.

Mr. POAGE. They went into the coffee business, sold coffee in the United States and put their earnings back into the United States because they could not ship cotton back into the United States, but could ship coffee. By shipping coffee they could get their earnings back into the United States. And they are now doing a lot bigger coffee business than cotton business in Brazil, but they went into the coffee business entirely to get the cotton money back. I am not pointing at Brazil. You can follow it all over the world. There are many countries worse than Brazil about it.

Isn't that governmental policy strangling the development of the undeveloped nations of the world?

Mr. SNOW. The policy—I beg your pardon?

Mr. POAGE. The policy of making it difficult, let us say, where some deny and some just make it difficult, the policy of making it difficult to return earnings on foreign investments.

Mr. SNOW. Well, to the extent that the difficulty is not caused by balance of payments, I would certainly like to see every foreign country be as reasonable and as liberal as it could in allowing our companies to service their obligations and permit a reasonable amount of net profit.

Mr. POAGE. Well, when you say "reasonable amount"—take the Matador Land & Cattle Co. which at one time owned the biggest ranches in the United States—there was never any limitation on the amount of earnings that they could send back to Scotland.

Mr. SNOW. I judge there was none.

Mr. POAGE. And it did help develop our country, didn't it?

Mr. SNOW. It certainly did.

Mr. POAGE. All I am trying to say is, why is it that these countries do not presently do the same thing? Follow those same practices that proved so successful in the development of the United States, for the sake of their own development?

Mr. SNOW. Mr. Poage, we have often discussed this with a number of foreign government officials.

We have taken the position that they ought to keep their major capital in private sources of a domestic or foreign nature, and also in order to get the maximum amount of private investment in their country, they must realize that they should create a climate which would instill confidence in the foreign investors. Of course, that is just another way of saying what you said to me.

Mr. POAGE. Yes, I think so.

Now, I believe that there is just sort of a general feeling, I am afraid, all over the country, that the State Department was encouraging the idea of nationalism, and in fact it seems to me that the American people as a whole have gone hogwild about trying to set up little satellite states—I do not use that term in the sense that the Russians do, but small states that have no possibility of economic sufficiency.

Of course, when I say that, I realize that Brazil is in an entirely different situation. It is something like the United States, self-supporting, but I feel that we can agree that we have encouraged the policy in many parts of the world of having these little states which cannot possibly maintain a national existence and a separate economy and encouraging them to attempt to do so.

When you establish a country with 3 or 4 million people and they try to set themselves up and try to wall themselves up against the rest of the world, is it not inevitable that the cost of living goes up there?

Mr. SNOW. If they put up protective barriers.

Mr. POAGE. Well, they all do, do they not? Do you know of any small country established since the war that has not resorted to protective barriers, and what they call nationalism?

Mr. SNOW. Well, that is a pretty broad question for me to handle, Mr. Poage.

Mr. POAGE. I know it is, but suppose you try by confining it to Central and South America.

Mr. SNOW. Well, there are no new countries there.

Mr. POAGE. Well, do you know of any of the older ones, any of the 6 republics of Central America, do you know of any of those 6 that does not try to maintain a national existence separate and apart from everyone else, I mean a national economy?

Mr. SNOW. They have a national economy, but they are actively trying now to get together on that.

They have a Central American organization that is looking into the possibility of a customs union, at least, or of joint economic endeavor.

You must recognize that those countries are not highly industrialized and you usually find the tariff protection stronger when you have manufacturing industries coming along. These countries are not yet industrially developed. They are still largely agricultural.

Mr. POAGE. Yes, but every one of them is trying to become industrialized, is it not?



Mr. SNOW. Well, they would like to be as much as they possibly can.

Mr. POAGE. Surely.

Mr. SNOW. Now, if they carry it to excess—the question is whether they are going to excess and I am not aware of whether they have.

Mr. POAGE. You do not think they have?

Mr. SNOW. Not in Central America; no.

Mr. POAGE. Well, what about the nations of the Caribbean region?

Mr. SNOW. I have not heard much complaint about that.

Mr. POAGE. You don't know about that.

Mr. SNOW. Well, there are just three independent nations.

You have Haiti, the Dominican Republic, and Cuba.

Mr. POAGE. You do not think they have gone too far?

Mr. SNOW. I have not had that impression.

The CHAIRMAN. Mr. Anfuso.

Mr. ANFUSO. Thank you. I would like to make this observation. I was wondering whether, Mr. Snow, you would not agree with me when I say that the trouble is, and I want to be brutally frank about this thing, and I am not trying to blame any single administration, but I think that the trouble is and has been that we have not sent the best possible men and missions into these countries.

By contrast, Russia makes it a business to send to a country ambassadors, ministers, and missions who are highly skilled in the field of propaganda, in the field of selling even what they do not have, but they do a good sales job.

We have miserably failed in selling the United States and what it stands for. We have the greatest salesmen in the world when it comes to selling a product, but when it comes to selling the American people and everything that America stands for, we have miserably failed.

Is that not so; would you not agree with me? And this is not because we have not given enough to these countries. We have given more than \$60 billion overall and yet we are hated, as has been brought out here.

And is that not understandable when we see, for example, an ambassador being selected just because he may have made a tremendous contribution to the party and who goes down there without even knowing who the ruler of that country was—when we do that, we make a very bad mistake.

We need to sell ourselves to other peoples; do you not agree with this, that what we must do is to send to other countries people who are qualified and people who know all about the customs of those countries, and who make it their business to know the customs and try to sell America to them. We have not been sending these kind of people. Is that not the trouble?

Mr. SNOW. Mr. Anfuso, I would like to assure you that I know all our 20 ambassadors personally. Some of them are intimate friends, and with all of them I am at least well acquainted. I am also in a position every day to see aspects of their work.

And I think, Mr. Anfuso, that if you knew them half as well as I do, you would be very proud of them.

Most of our ambassadors are career men and most of the career men have spent a fair share of their lives in Latin America. And those who do not happen to be career men, and I can name them to you, and

I know them well, I think they are outstanding Americans doing a peach of a job, and I do not hesitate to say so.

Mr. ANFUSO. Well, this one particular ambassador that I spoke of was not to South America, you know, but I am just saying that as a general proposition, that we should send men to these countries not because of a contribution that they make to a political party, but because of their qualifications.

Mr. SNOW. Sir, I do not know what contributions, if any, various of these people have made, but I just can tell you that the ambassadors that we have in that area are men that you would be proud to know.

Mr. POAGE (presiding). Mr. Simpson.

Mr. SIMPSON. Pursuing a little further the subject about going into the coffee business and cotton money going out of Brazil, I would just like to ask if there was such a thing as a conflict of interest when Will Clayton was Under Secretary of State.

Mr. SNOW. I did not know Mr. Will Clayton personally, but he had the highest reputation for integrity by everybody who knew him.

Mr. SIMPSON. Then he was Assistant Secretary of State during World War II when there was this business about getting into the coffee business to get the cotton money out of Brazil—

Mr. POAGE. If the gentleman will yield, I may say that I think you are wrong about the date, I believe Mr. Fleming was the head of Anderson-Clayton Co., at that time. Mr. Clayton was no longer in charge of the company.

Mr. SIMPSON. It was about 1945, and I think that he was Under Secretary of State.

The CHAIRMAN. Mr. Johnson.

Mr. JOHNSON. Thank you. Have you had any complaints about cheap labor in those countries that we have been talking about? I think that it has been inferred that some American businesses go down there because they can get cheaper labor there?

Mr. SNOW. Are you speaking of the current situation, Mr. Johnson?

Mr. JOHNSON. I am talking about an American company that may set up business in Central America or South America because of the cheap labor. What do you hear about that? Are they paying good wages, or what is the situation there?

Mr. SNOW. Well, the countries I am familiar with, the countries that I actually visit; namely Peru, Costa Rica and Mexico, they leave no room for complaint that I am aware of.

Mr. JOHNSON. You have not noticed that there was this inference?

Mr. SNOW. Well, Mr. Johnson, for example, these companies are up against the problem that I remember hearing a lot about, that is, that they might be willing and able to pay a higher wage by quite a margin than other people pay in that country for the same kind of work; but if they went very far in that direction then they would be in trouble in no time.

I have been told that by American businessmen. And they do have to pay some attention to the prevailing rate of wages, and salaries; otherwise they are in difficulty with all of their competitors and other people in business and industry.

Mr. JOHNSON. Thank you.

The CHAIRMAN. Mr. Hoeven.

Mr. HOEVEN. Thank you, Mr. Chairman.



Coming back to the question of the caliber of the men who are sent down to these countries as Ambassadors and attachés, may I make an observation?

When I was down there, I had contact with our Ambassadors and our agricultural attachés. I was impressed by the fact that each and every one of the agricultural attachés in South America is doing a bangup job for America.

I do want to pay a tribute to our agricultural attachés. They are real salesmen for American agriculture. They are not only trying to find markets for American goods, but they are also selling America to our neighbors to the south of us.

Mr. ANFUSO. Will you yield?

Mr. HOEVEN. Yes.

Mr. ANFUSO. I was not talking about South America in particular. If you heard me say that or thought you did, that was not my intention, to take any particular area.

As a matter of fact, I have never had the pleasure of being in South America, but I just made a general observation to the effect that the Russians make it a point to send propaganda experts as part of their missions who try to reach the people.

We may have the best agricultural experts, and we may have the most intelligent Ambassadors and Embassy staff, but the idea is to get to the grassroots, to get at the people.

There is some reason why they hate us. It is not that we have not given enough, because, as I say, we have given something like \$60 billion, and yet still we are very disliked.

That was a general proposition that I threw out and I say that we ought to do something about it.

I feel that our missions and our ambassadorial staffs and our Embassies must be filled with men and women who can sell America.

We have not sold America to them, and nobody on this committee can convince me that we have properly sold America abroad; that does not apply to South America alone.

Mr. SNOW. Mr. Anfuso, just this morning I put in a telephone call for Ambassador Briggs in Rio in order to confer with him before I came here.

I found that he was not in the city because, ever since he has been Ambassador there, he has made it a special point to visit every single state in the Republic of Brazil, and he has been all over the country and he has just completed that program. That is the reason he was not there, he was out among the Brazilian people, and he has been doing that throughout that country, instead of staying just in Rio.

And he has, furthermore, learned to speak Portuguese, as well as being very fluent in Spanish. I know from the detailed reports that he sends in about his trips that he talks with the people in all walks of life throughout the country, and I know that is what you believe he should be doing.

Mr. ANFUSO. Exactly, and as I said, and—I am willing to be corrected if I am wrong—but would you say that the people that we attached to our embassies in all of South America know the language fluently, would you say that they know Spanish fluently so that they can write and read it, can you say that?

Mr. SNOW. I think I can give you many examples. For example, the Ambassador to Bolivia. When the Vice President came to Mexico in 1955 he addressed the combined Senate and House of Mexico and he spoke in English. Our present Ambassador to Bolivia, Mr. Bon-sal, was there with him. After the Vice President had spoken for about 20 minutes without interruption, then the Ambassador repeated his speech in perfect Spanish, from listening to the Vice President.

Mr. ANFUSO. And would you say that applies to all of the 21 Latin American countries?

Mr. SNOW. In the 20 countries—well, all our men who have served in the area before, they are good or perfect, ranging all the way from good to practically perfect, as in the case of that Ambassador in Mexico.

Of the men who have not served there before, naturally you cannot expect a degree of fluency. But you will find that every ambassador takes Spanish lessons every day.

Mr. ANFUSO. You mean he takes it while he is in the country?

Mr. SNOW. Yes.

Mr. ANFUSO. Well, and I say that the Russians when they go in there know all about the language, and I am saying that it is not just the Ambassador, but anybody connected with the mission must know that language and he must know not only the language, but the customs of that country as well, unless they know the language and the customs of the country, they are not going to get very far with those people.

Mr. SNOW, I might observe that recently I proposed a Pan-American Parliamentary Association, the initials of which spell out the word "PAPA," which is like being the good neighbor, with the idea that it would be approaching the situation from a parliamentary basis and that we would have members of the parliament from those countries and from this country meet with members of the parliaments of these 21 countries and discuss their economic situations on a people-to-people basis.

Do you think that the State Department would go for a thing of that kind?

Mr. SNOW. I do not know.

Mr. ANFUSO. Do you think it is worthy of study?

Mr. SNOW. I think it is a very interesting idea.

Mr. ANFUSO. I would be glad to send you a copy of that.

Mr. SNOW. I would be glad to have it.

The CHAIRMAN. Mr. McIntire.

Mr. MCINTIRE. I would like to say, Mr. Snow, I was very much interested in your comments relative to Ambassador Briggs because I happen to come from Maine.

Mr. SNOW. So do I.

Mr. MCINTIRE. I beg your pardon?

Mr. SNOW. I come from there.

Mr. MCINTIRE. Well, thank you, that is just fine.

When I was in Bolivia in 1956 I met Ambassador Sparks. He is now in Venezuela. He is a fine, able representative of our country.

I want to join with Mr. Hoeven in his comments relative to these folks that we have down there in the South American area.

Mr. SNOW. Thank you, Congressman.

The CHAIRMAN. Mr. Dixon.



Mr. DIXON. Mr. SNOW, the other body has passed a liberalized version of Public Law 480 which with regard to foreign currencies provides for the exchange of farm people, technicians, experts, and such things. Would you favor that liberalization in our present bill?

Mr. SNOW. Mr. Dixon, I am not familiar with the details of the testimony on the Public Law 480 bill. I had not realized frankly that provision was being put in.

Mr. DIXON. We have, as I understand it, a 2-year contract with Brazil under section 1, foreign currency. One year of that contract has expired. Is there anything in our contract that would prohibit us from helping Brazil under section 2 or section 3?

Mr. SNOW. No, sir.

Mr. DIXON. Nothing at all?

Mr. SNOW. Nothing.

Mr. DIXON. Nothing that would prejudice our giving them help under section 2 or section 3?

Mr. SNOW. Well, I think the contract that you referred to, Mr. Dixon, involves wheat, and I suppose that they provide an ample supply of wheat without further consideration even to be given to title II or title III with regard to wheat. But with any other commodity I would suppose that it would fit pretty well under title II.

Mr. DIXON. But there is nothing that would prejudice that?

Mr. SNOW. Not as far as I am aware.

Mr. DIXON. Thank you.

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE. Thank you, Mr. Chairman.

Following up on the observation of Mr. Anfuso concerning the people we sent to South America, I see one man in the room here whom I know and who is from the Department of State and who has spent many years in Latin America. He speaks Spanish very fluently.

Furthermore, I spent 2 weeks in Mexico last fall with our Ambassador, Robert Hill. He was rapidly perfecting his Spanish and he had a fairly good knowledge before he went down there. Furthermore, he gets out all over Mexico, and he meets all types of people.

Mr. ANFUSO. I am glad to hear that. Now, I hope that I have made myself clear. I was not criticizing any single administration, but I will tell you right now that if I were to make a study, as I said, and I have not been to South America, but if I were to have a survey made of the conditions in each one of the 21 countries down there, I am willing to make the statement right here and now that a majority of the people connected with our missions do not know the language.

Mr. TEAGUE. I doubt if that is true in Mexico.

The CHAIRMAN. Let us return to the subject.

Are there any other questions?

Mr. Hagen.

Mr. HAGEN. I have one question. I understand there is a serious drought condition in Brazil, and I understand that the people in that drought-stricken area are in great suffering and I understand the Brazilian Government is engaged in a program of moving those people out of the area. Do you know whether or not that is correct?

Mr. SNOW. Congressman, I read a report which indicated that these people started moving by themselves in groups. Sometimes a group was of as many as 500 people or more.

They first moved to the nearest town or settlement nearby, seeking relief there. And then they are in the hands of the local authorities for whatever further help they may be able to give either in terms of relief or—

Mr. HAGEN. My question really is, Is the Federal Government of Brazil undertaking a program of moving those people out of this area?

Mr. SNOW. Mr. Hagen, I have no knowledge of any program to resettle those people permanently in some other area.

Mr. HAGEN. Well, do you know of any reason why the Brazilian Government should be reluctant to accept an offer of aid coming from the President of the United States in connection with its current problem?

Mr. SNOW. I have no knowledge of any particular reason.

Mr. HAGEN. The indication is that they have not requested it, and I was wondering why a request has not been made, if this is such a problem down there.

Mr. SNOW. I am afraid I cannot give any helpful answer to that.

The CHAIRMAN. Thank you very much, Mr. Snow.

Mr. SNOW. Thank you.

**STATEMENT OF RAYMOND B. IOANES, DEPUTY ADMINISTRATOR,  
FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE—(Resumed)**

The CHAIRMAN. Mr. Ioanes, will be come around, please?

Now, I understand that your study of the bill was a study that you made at the request of the State Department in cooperation with Agriculture?

Mr. IOANES. No; if that was the impression, I left the incorrect impression.

The CHAIRMAN. Well, I do not say that you left any impression; but I received that impression myself.

Now, it is filed with the State Department?

Mr. IOANES. The report was filed with both departments.

The CHAIRMAN. Both departments know about the situation in Brazil, then.

Mr. SNOW, will you make that available to us?

Mr. SNOW. Just a moment, I do not know the status of the report.

The CHAIRMAN. Is there anyone here who has that report?

Mr. SNOW. Perhaps Mr. Siracusa.

The CHAIRMAN. What about it, Mr. Siracusa?

Mr. SIRACUSA. I have not seen it.

The CHAIRMAN. You have not seen it.

Mr. SIRACUSA. No, sir.

The CHAIRMAN. Well, was not that report filed some months ago?

Mr. SIRACUSA. I was on other business and I did not see the report.

The CHAIRMAN. Now, Mr. Ioanes, I suppose you have read the article in Time magazine and there was another article in Life—have you read this article?

Mr. IOANES. No, sir.

The CHAIRMAN. We were prompted to ask you to come here for the purpose of discussing the situation of Brazil, which appears to this committee to be a very tragic situation. According to this



article there are 2 or 3 million people who are facing starvation in a dry and hot area, and they have no food and are dying by the dozens.

Have you received any information from our agricultural attaché or any other official of the Government, our Government in Brazil, whether these reports are true or false?

Mr. IOANES. Mr. Chairman, there is a serious drought situation in northeast Brazil that affects five states.

The population in that area is a little under 10 million and possibly 20 percent of the population is suffering from the drought.

The CHAIRMAN. You say possibly 20 percent?

Mr. IOANES. Yes, sir, I mean in a serious way. This is an area, as Mr. Snow has said, which suffers periodically from drought, but this, from the reports we have had from the Embassy and from our agricultural attaché, this one is the most serious that this area has had in a number of years.

Our agricultural attaché has made 2 or 3 visits to the area and he has been one of the chief participants in the report that has come back not only to us, but to other departments of Government.

Mr. POAGE. Did he go out and cover that area?

Mr. IOANES. I could not say that, but he did get out into the field.

That was a mission that went down, composed of the Department of Agriculture personnel and John Davis and they made this study during the summer of 1957, and their report was probably completed by September or October of that year.

The CHAIRMAN. That is our most recent report?

Mr. IOANES. No—

The CHAIRMAN. Well, coming back to this actual situation, we are faced with a surplus food supply and we have starving people just south of us. Have you had any communication with anyone there about that condition?

Mr. IOANES. You are speaking of me in the sense of the Department of Agriculture?

The CHAIRMAN. Yes.

Mr. IOANES. Yes, sir, there has been a series of communications as the problem has emerged, and these have been communications between the Embassy down there and the State Department, the Department of Agriculture, and the ICA, and there have been many dispatches back and forth discussing this problem.

The CHAIRMAN. Well, in no communication has any official of the Brazilian Government requested aid from us?

Mr. IOANES. The only instance that has come to my attention, and we have looked into this pretty carefully, is the example of the non-fat dry milk solids that were sent down by the National Catholic Welfare Council. That was the 1,000 tons that Mr. Snow referred to. Except for that one request which was endorsed by the Brazilian Government, there has been no other requests.

The CHAIRMAN. In other words, no request has come for the donation of food?

Mr. IOANES. That is right.

The CHAIRMAN. Well, in the event that a request is received, are you in a position to act promptly on it?

Mr. IOANES. Yes, sir.

The CHAIRMAN. The thing that struck me is that if you are going to do anything about it you should not just stand by and be ready, but

offer to do it. What would be wrong protocolwise in asking them if they need it, if they want it?

Mr. IOANES. I think that has been done.

The CHAIRMAN. How was that?

Mr. IOANES. I think, dating back at least 6 weeks and perhaps longer, exactly this message has been put to the Brazilians by the Embassy as the result of dispatches back and forth.

The CHAIRMAN. And still, no request for food and shelter.

Mr. IOANES. Except for this one action, which has been taken on the notfat dry milk solids.

And I can understand, Mr. Chairman, your concern about this situation.

I have just come back from a trip to 11 countries of the world where American surpluses are doing a good job.

The one thing that you get to know in a hurry is that all of the programs that you have have to be worked out on a basis that is mutually acceptable to the foreign government as well as to the United States, and I see that in the countries that I have visited, which were in southern Europe, some countries in the Near East, India, Pakistan, and on up into Japan, in most of those countries, our surpluses are being used.

The people of those countries know where they are coming from, and I think the programs are working in such a way that they bring credit not only to you gentlemen, but to the Department of State and the Department of Agriculture and the whole Government.

I think what we have in this Brazilian situation is a case where the Government itself must make a difficult decision. This is an area somewhat isolated in terms of commercial transportation. There are stocks of rice, for example, and dried meat, and some of the grains in Brazil, and if some quick way could be found to move the supplies by Brazil itself, the problem could be met and the Government, as Mr. Snow has testified, the Brazilian Government is taking action to try to meet this problem.

But until they come to a decision that they need our outside assistance, I think it is difficult for us to do much more than stand ready in a sincere way to meet their needs.

The CHAIRMAN. What would you think of expediting sending it to them, as for example, flying it to them, if necessary. That would be a good way of dramatizing it so that the whole world might know that it is going in there from America; whereas if you had a boat going down there and bringing that food to the shore and it is sent to the people who are hungry, they do not know where it comes from, and if their Government does not want to ask for it, why not give the charitable and other organizations an opportunity to ask for the food?

Mr. IOANES. Well, sir, I think that the two organizations most active in that country are the church services and the National Catholic Welfare Council.

From past experience, I know these are good organizations dedicated to doing the kind of a job that I think you and the members of this committee have in mind, and I do not think they would be reluctant at all to help in this situation if they were asked.

The CHAIRMAN. How about the Red Cross? Do they have a Red Cross down there?



Mr. IOANES. I have no personal knowledge, but I assume the Red Cross would operate in that country.

The CHAIRMAN. Mr. Hill.

Mr. HILL. Were you with Mr. Davis?

Mr. IOANES. No, sir.

Mr. HILL. When he wrote this report?

Mr. IOANES. No, sir.

Mr. HILL. You were in India at the same time he was?

Mr. IOANES. No, sir; I came about a month before—he came about a month after I left, or, perhaps, 3 weeks after I left. This is a little different, now, Congressman Hill, than the one the chairman was asking about in the summer of 1956. John Davis and a couple of people from the Department were in Brazil, and at their request, to make a study of the longtime commercial-market possibilities in that country for our agricultural commodities, and this work was completed sometime last year. Very recently, Mr. Davis has undertaken another trip at the request of our Department and the State Department.

Mr. HILL. And, on that, did he go to India?

Mr. IOANES. And on that trip he has been in India, but, as far as I know, he has not yet returned, and no report has been written.

Mr. HILL. Did he visit South America on this last trip?

Mr. IOANES. No, sir; he did not.

The CHAIRMAN. Mr. Simpson.

Mr. SIMPSON. Thank you, Mr. Chairman.

I would like to know if I understand correctly that Mr. Snow has stated that there are ample food supplies in Brazil, and it is a matter of distribution locally.

Mr. Snow has said that; is that correct?

Mr. IOANES. Mr. Simpson, we have a very fine agricultural staff in that country, agricultural attaché, and he has participated in the drafting of the report that has come to the State Department, as well as ourselves, and I am sure that it was his opinion, as expressed in the dispatches that we received, which indicated that the primary problem in this case was one of transportation; that there were ample supplies in south Brazil, and getting to this afflicted region was the problem.

Mr. SIMPSON. Then you do agree with Mr. Snow?

Mr. IOANES. Yes, sir.

Mr. SIMPSON. That there is ample food and all that was asked for was milk?

Mr. IOANES. Yes, sir.

Mr. SIMPSON. And that the matter of distributing the food to these people is a matter of transportation.

Mr. IOANES. Yes, sir; transportation seems to be the problem.

Mr. SIMPSON. Thank you; that is all.

The CHAIRMAN. Can you make available to us a list of the inventories, showing where foods are available?

Mr. IOANES. I do not have any list with me. We could supply that.

The CHAIRMAN. Can you supply it?

Mr. IOANES. We will be glad to furnish you with any information that we have.

(Information requested is as follows:)

DEPARTMENT OF AGRICULTURE,  
FOREIGN AGRICULTURAL SERVICE,  
Washington, D. C., May 29, 1958.

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in response to your request for information on the stocks of foodstuff available in Brazil that could be moved into the northeast famine area.

It has been reported to us by our agricultural attaché that Brazil has ample stocks of the basic foods generally consumed in the northeast (rice, beans, and dried meat) to supply the drought area, but the food is in southern Brazil, and distribution to the northeast is hampered by inadequate coastal transportation and inaccessibility of the drought area by road. There are good stocks of rice in the State of Rio Grande do Sul (the Bank of Brazil recently purchased 132 million pounds of surplus rice from the 1957 crop) and prospects for the 1958 crop continue to be good. Maranhão also has stocks of rice, and there are, reportedly, good stocks of beans in Bahia and São Paulo and large quantities of dried meat stored in Rio Grande do Sul. We have no figures on the size of these stocks, only that they are sufficient to meet the need. We are cabling our attaché in Rio de Janeiro to obtain these figures, and will furnish them to you promptly upon receipt.

Sincerely yours,

RAYMOND A. IOANES,  
*Acting Administrator.*

The CHAIRMAN. Mr. Matthews.

Mr. MATTHEWS. Mr. Ioanes, what kind of liaison do you have with these philanthropical and church organizations down in that area? What I have in mind is that I am particularly intrigued with the great possibilities of cultivating these wonderful religious groups and philanthropic organizations in the work that you are carrying on, and that they carry on.

Surely the missionaries in Brazil are people who are in touch with the folks down there, and they know this terrific problem, and they could distribute this food, could they not, in the name of the American people, if they had it.

What kind of liaison do you have with them; have they reported to you lately?

Mr. IOANES. Sir, the Department of Agriculture, as you know is a big place and this particular program is handled by another bureau in our department. They have a staff, a small staff who work full time on this program and they are in constant touch with them, that is, the United States representatives of these organizations who have people all over the world.

In addition to that, the International Cooperation Administration, as you probably know, has a Committee on Voluntary Foreign Aid which meets periodically and discusses how a better job can be done to get more aid to needy people abroad.

So you have these two organizations working in the United States maintaining communications with those agencies.

Then in the field in any country where a program is going, some person of the Embassy is given responsibility for supervising the problem and for sitting in with the local representatives of the voluntary agencies to review the needs.

Mr. MATTHEWS. My thought in this particular connection was that if these voluntary organizations had this food, do you think that they could transport it? Do they have the facilities to distribute it?



Mr. IOANES. I think, sir, that they stand ready in this case to do a bigger job if they are requested to do it. This is my understanding of the position today in that respect.

Mr. MATTHEWS. What I am trying to get at is, who would request those fine people to push this work?

Mr. IOANES. It would come from the organizations in the country, the private relief organizations, the church organizations in the country who were engaged in this kind of charitable work.

Mr. MATTHEWS. In other words, you have to counsel them to see the need of help?

Mr. IOANES. That is right.

Mr. MATTHEWS. I am just like the rest of the committee, I am earnestly seeking some way to get food into the mouths of hungry people that need it, and I thought that we might get some help in that particular area.

Mr. IOANES. Well, we will certainly see that everything possible is done to alert them.

Mr. MATTHEWS. Thank you.

The CHAIRMAN. Mr. Quie.

Mr. QUIE. One question: When you see these things that are occurring in those areas, you have the immediate reaction and feeling that we should move our products down there on you have the human motivation to help those people.

Now, is it possible that we are overlooking some problems that the State Department is well aware of, such as the fact that this is a hot political issue domestically, or the factor that we would be aiding a majority or minority section or something like that, things that do not occur to us that are involved in this matter?

Am I correct in stating that there are many other factors besides trying to get rid of our surplus?

Mr. IOANES. Yes, sir. Certainly as you get closer to the people in the program, there is less government involved.

And it is along the question that Mr. Matthews was asking about these private organizations because this gets around your problem of political considerations because it goes from people to people; but when you come to programs like title II then it does involve the Government and all of the factors have to be considered, and, I mean, the motivation that we have to help the people, as we tried to say before, they really do involve the position of that government in what they think is needed to help their people, and we cannot leapfrog those problems, and it is not as simple as may appear.

The CHAIRMAN. Any other questions?

Mr. HAGEN. Mr. Chairman.

Mr. IOANES, I would like to say first that I do not think it is an adequate answer to say that there is food somewhere in Brazil. The fact of the matter is that the Brazilian Government might not be able to afford to undertake a giveaway program of their own.

In the light of what Mr. Cooley has presented here, the State Department, Mr. Dulles, and the Secretary of Agriculture should show some initiative and get a conference with the President, and then he might come up with something as dramatic as "Atoms for Peace."

I believe that the initiative really rests more with the executive department than it does with the Congress.

The CHAIRMAN. Congress has done all that I think it needs to do in making food available. Off the record for a moment.

(Discussion off the record.)

The CHAIRMAN. I want to thank you for coming up. We may communicate with you again. I wish that you would give us some information about the report. Anything that you could give us will be helpful.

I thank you very much.

(Thereupon, at 11:40 a. m., the committee retired into executive session to consider H. R. 11253.)

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THURSDAY, JULY 3, 1958

### PUBLIC LAW 480

The CHAIRMAN. Mr. Reuss wants to give us an idea about some possible amendments to Public Law 480. As I stated to you, I still think that the law provides adequately for the situation that you have in mind. I should like for Mr. Heimbürger to refresh the committee's recollection by reading, if you have it there, the section of the law which provides that none of these transactions under Public Law 480 shall disturb the international markets of other friendly nations and so forth.

Mr. HEIMBURGER. There are two places in the act, Mr. Chairman, where the question involved in Mr. Reuss' amendment as I understand it, is that of protecting the usual marketings of other countries in the disposal of surplus under the Public Law 480 program. And two places in the act where that is referred to, one of them occurs in section 2 of the act which is the general policy statement affecting all Public Law 480, and it reads substantially this way:

SEC. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefrom. It is further the policy to use foreign currencies which accrue to the United States under this act to expand international trade, to encourage economic development, to purchase strategic materials, to pay the United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

And the words I want to emphasize are:

in excess of the usual marketings of such commodities.

Then in section 101, which is the specific section of title I, authorizing the President to negotiate and carry out agreements with friendly countries for the sale of these commodities, the very first paragraph of section 101 reads:

That the President shall take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities.



That language "will not unduly disrupt world prices of agricultural commodities" was placed in the act after a great deal of negotiation and careful drafting in which even the White House participated, and is interpreted in the report on the bill and conference report as meaning that our disposal under the surplus program should be carried in such a manner so as not to disrupt the marketings of friendly nations.

The CHAIRMAN. We shall be glad to hear you now.

**STATEMENT OF HON. HENRY S. REUSS, A REPRESENTATIVE IN  
CONGRESS OF THE FIFTH CONGRESSIONAL DISTRICT OF THE  
STATE OF WISCONSIN**

Mr. REUSS. I am compelled to disagree rather completely with my friend, Counsel Heimburger, and I would like to tell you why. The predecessor law of the Public Law 480 which is section 550 of the Mutual security Act of 1953, contained a clear and excellent provision, and I quote:

In negotiating these agreements for surplus commodities—  
we must—

take reasonable precaution to safeguard usual marketings of friendly countries.

This exact language was put in the bill reported out by this committee in 1954, which bill became Public Law 480. The language that Mr. Heimburger has just read occurs at section 101 (a) of the present Public Law 480, and as now constituted it says:

We shall take reasonable precautions to safeguard usual marketings of the United States.

When this bill came to the floor it contained the additional and crucial words "and friendly countries."

Those words were considerably and in my opinion ill-advisedly taken out on the floor of the House by an amendment proposed by the gentleman from Mississippi, Mr. Abernethy.

This was debated for about a page of Congressional Record back in 1954, and taken out, I believe, mistakenly.

The CHAIRMAN. May I interrupt? We had hearings on Public Law 480, and we had this room packed and jammed with people. We had officials of the Department of Agriculture here, and asked whether any of these transactions had interfered with normal trade or commerce, and not one person complained that it interfered unusually with our international trade or commerce. The Department in talking about it says that in its opinion some of the barter transactions had interfered, but the actual fact is that we have not had any facts to justify such a belief.

Mr. REUSS. I believe that the performance of the Department of State which is supposedly in the field of foreign policy has not been at all good; they have not informed your committee as they should have.

The CHAIRMAN. We have had witnesses from the Department of State here. Our doors were wide open to anybody to come in and complain. We had these hearings, and we drafted a provision.

Mr. REUSS. I would like to read you what Deputy Assistant Secre-

tary Thorsten V. Kalijarvi testified last July before the Senate Committee on Agriculture and Forestry:

Title I of Public Law 480, however, and the barter provisions of title III, causes serious foreign relations problems with virtually all other exporters of any of the agricultural products included in title I agreements. Most other nations which export agricultural products are greatly dependent upon such exports for the bulk of their foreign exchange earnings. We have not been completely successful in preventing all injury and some of our best friends abroad have, apparently, been hurt the worse. What I have been trying to say in my statement is that Public Law 480 is not an unmixed blessing; that it does have disadvantages as well as its good points. One of our basic objectives is to keep our relations with other exporting countries on an even keel.

Let me testify further that I have been in touch with the governmental representatives of numerous friendly countries, including Canada, Australia, Argentina, Mexico, New Zealand, and I am informed by all that they are equally distressed by the administration of Public Law 480, that they have lost their usual marketings and that they earnestly hope that Public Law 480 can be so amended as to put back the language that was there originally—language which I have suggested that it is the policy of Congress—

The CHAIRMAN. Here is a letter from the Secretary, in 1958, in support of Public Law 480.

And you say you are in touch with all of these other governments?

Mr. REUSS. I am, also, in touch with Mr. Thomas Mann, who told me that within the last week there has been deep distress by dozens of our allies and friendly nations about this program, and an amendment such as I have proposed is in his opinion very necessary.

The CHAIRMAN. I wonder why you propose the amendments to us? We had him up here and we concluded the hearings. Why didn't he propose them to us? There again, I asked for them, if anybody had any, and not one came forward.

Mr. REUSS. Let me be very clear. I think the chairman and members of the committee have done a conscientious job in trying to find out the facts, and I am disturbed that the facts were not presented to the committee, which is why I am here this morning.

I will be glad to document in full detail not only what the administration of Public Law 480 has meant to the normal trade patterns of many of the best friends we have in the world, but what they say about it.

Canada's Finance Minister in his budget message last week, for instance, if I may read from that short paragraph, had this to say—this was in the Canadian House of Commons in June 1958:

United States agricultural policies continue to be severely damaging to Canadian interests. We suffer severe harm from the United States surplus disposal activities. Massive United States disposal of wheat and other grains on giveaway subsidized terms have done serious damage to Canadian exports in some of our best commercial markets. Despite frequent and energetic Canadian complaints these harmful practices have continued. We find it difficult to understand why the United States treats its best customer and friendly neighbor in this way. We have made it clear to the United States authorities that measures which add to our difficulties in selling in third countries cannot but impair our willingness and ability to import from them.

This is the Honorable Donald M. Fleming, Canadian Minister of Finance, in his June 1, 1958, budget message.



I think it is a shame that the State Department has failed to pass on to your committee, Mr. Chairman, what is happening, but I can assure you that I could go on for an hour documenting case after case of where friendly people are turning against us because we do not make an effort to protect their usual marketings.

Mr. HARRISON. Mr. Chairman, might I respond to this? I think possibly no one here has watched the development of Public Law 480 any more closely than I, and I introduced the first original bill.

Mr. Kalijarvi of the State Department at that particular time was one of the great opponents of Public Law 480. He, along with the State Department, brought up a number of road blocks at that particular time and these are the same road blocks we encountered at that time to pass what we call 480, indicating that we were not dealing fairly with our friendly countries. And those arguments were presented here and I think were raised very carefully at the time that Public Law 480 was passed.

I think it is nothing new that is going on. It is something that has been going on for some time and the State Department has never felt kindly towards Public Law 480, as we of the Agricultural Committee think they should.

Mr. REUSS. Let me say to my friend, the gentleman from Nebraska, Mr. Harrison, I believe deeply in Public Law 480. I have always supported it, and I intend, if it can get in shape where it will not hurt our good friends, to support it vigorously on Monday, but we are not just the Committee on Agriculture, we are a committee that has to consider our total national interests. And it seems to me that keeping the friendship of Canada, Australia, Denmark, Mexico, the Argentine, is in our national interest.

Mr. HARRISON. Again, may I say that I think that all of these countries do have a feeling that we are, in some respect, taking advantage of them. As I understand it some of the same countries are now proposing to adopt similar legislation as our Public Law 480.

The CHAIRMAN. Mexico was selling cotton in our markets when we had our cotton export program in operation. I just do not see how you can operate Public Law 480 if you are going to let one nation come along and say—this country or that country—“Stay out of this.”

Mr. REUSS. Mr. Chairman, such a suggestion is farthest from my mind. All that I am suggesting is the restoration of the original language which the committee—

The CHAIRMAN. As Mr. Harrison pointed out the Department came up here. The State Department has put up roadblocks as we understand, and has slowed down the operation of Public Law 480 when agriculture wanted to move along and dispose of the surplus.

Mr. HILL. I would like to ask a question, too.

I am like our chairman, I listen to all this testimony that is given. I think we had a State Department representative up here for 2 solid hours and questioned him, and at no time did he say if this law was properly carried out, which he agreed it was, had we had any difficulty with Public Law 480.

Mr. REUSS. I read that testimony, Mr. Hill.

Mr. HILL. I am afraid what you are objecting to is a natural objection that you cannot correct because of the fact that anything we

sell will be in competition with anyone else. We could not sell 1 bushel of wheat to any foreign country that would not be in competition with this terrific surplus of bushels of wheat the Canada has. I think we have been very, very liberal with Canada. I believe we have made one of the most serious blunders that was ever made in agriculture by destroying our foreign sale of cotton.

Now am I to sit here as a Congressman from Colorado, who has not a stock of cotton, nor a dime in any cotton organization, I mean, manufacturing firm, and be a party to destroying all our foreign sales of cotton?

Now that is exactly what some people would do, and that is exactly what we have done in some cases, and I think that is simply parallel. Now we can go so far, but we must not destroy our fundamental foreign markets. And we have; I think we have. I think we have actually let them go by the board.

Now we can do that on wheat and say to Canada, "Now you go right ahead and increase your wheat, and we will put your wheat farmers under strict control." Now I do not think that will help Canada in the long run.

MR. REUSS. Certainly no one, or at least myself, is suggesting that. I am simply suggesting that the Public Law 480 should be so administered as not to hurt the usual marketings. I am saying, let us get all the expanded marketing——

THE CHAIRMAN. Everyone on this committee will agree with just what you said.

MR. HILL. Mr. Chairman, it does say that. The bill we have says as far as is practical. Now what better word could the Secretary of Agriculture have than the word "practical"? If the State Department says it is not practical, then you are not going to sell to Turkey because Canada has the most surplus wheat, Mr. Benson would be out of luck. Right under the bill we are going to report out and pass, I hope, unanimously.

THE CHAIRMAN. You did not receive any complaints about the sale of cotton from any countries mentioned. It was all wheat, wasn't it?

MR. REUSS. Oh, no, sir, I have complaints from Mexico, well documented——

THE CHAIRMAN. What is the complaint from Mexico?

MR. REUSS. The complaint of Mexico is that cotton is her No. 1 export crop and constitutes 30 percent of her exports, and that since 1955, when Public Law 480 got rolling, she has lost about one-third of her export market to such countries as Italy, Spain, France, Belgium, the United Kingdom, and Japan, during the same time our exports of cotton under Public Law 480, under title 1, have gone from 365,000 bales in 1955 to 845,000 bales in 1956, to 1,051,000 bales in 1957.

New Zealand points out that her sales of powdered milk to India have declined almost to nothing while ours have gone up.

Now I come from Wisconsin, which sells powdered milk, and I am anxious——

THE CHAIRMAN. Why have all of these countries communicated with you and completely ignored the State Department and this committee?

MR. REUSS. They have not ignored the State Department. They have sent note after note to the State Department, and I think it



should be a subject for investigation by this committee, as to why the State Department has not informed it. And I strongly urge the committee to call Secretary Dulles or Mr. Mann and ask them the facts.

Mr. HILL. Let me ask you a question right on cotton. That interests me. You say Mexico has a real complaint on cotton. They surely have, because before we started our real fall in the export of cotton, Mexico was sending about 300,000 bales of cotton into foreign sales, and they have now gotten up to a point of over a million bales a year. Now they would have a lot of reason to say we were getting their cotton business, wouldn't they? That is just about so of every one of those countries.

Mr. REUSS. Whether Mexico may have committed sins of its own, I do not know. All I am saying—

Mr. HILL. Yes, you do. You probably have friends that go right down to Mexico—I guarantee you have—and go into the cotton business because they could take away the cotton business from the United States.

Mr. REUSS. I am really a better authority on what I know and do not know.

Mr. HILL. Don't you know that?

Mr. REUSS. I do not. But anyway, the fact is that our sister Republic of Mexico feels it is deeply grieved because this Public Law 480 does not contain a provision that we should take reasonable precautions to protect the usual marketings of friendly countries. We could set them at rest by including such a provision.

The CHAIRMAN. Mr. Hoeven wants to ask a question.

Mr. HOEVEN. Mr. Reuss, with all due respect to you, I am a bit puzzled by your interest in this matter.

Mr. REUSS. Splendid; I appreciate the opportunity to answer.

Mr. HOEVEN. Are you here as a representative of the State Department or a foreign nation, or what?

Mr. REUSS. I am here because in my opinion the State Department has not adequately informed this committee of the facts. I think it was a very poor performance on the part of the State Department to come up before this committee and not inform it of the fact, which it well knows, that it has files and files of notes from friendly countries protesting in the most specific terms the application of Public Law 480. I am here, sir, as a representative of the people of my district in Wisconsin who believe deeply, as I hope you do, that this country must take what steps it can to preserve its free world friends and allies, and I hate to see some of the best friends we have in the world—Canada, Australia, New Zealand, Argentina, and many others—deeply grieved by the administration of what should be a basically good program, which Public Law 480 can be.

Does the gentleman think this is an illegitimate interest on my part?

Mr. HOEVEN. No. No, but I am a bit puzzled. You speak with authority, apparently. Have you been collaborating with the representatives of these governments to make this presentation, or just what is it all about?

Mr. REUSS. I was amazed to read in the paper, from time to time in the last months, the protests of various foreign governments. I was amazed to read in the Washington press of 10 days ago what the

Canadian Finance Minister had to say in his budget message. I therefore, looked at the hearings of this committee and was appalled to find that the State Department had apparently failed to pass on these protests, although Mr. Kalijarvi last summer did lay it on the line pretty thoroughly before the Senate Agriculture Committee.

Mr. HOEVEN. You have not answered my question. Have you collaborated—

Mr. REUSS. I then called the State Department and got started on the facts, and then to check them I indeed collaborated by getting hold of the diplomatic representatives of Canada, New Zealand, Argentina, and Mexico and finding out what they thought. That is where I found out these facts which seem to me quite disturbing.

Mr. HOEVEN. And they knew of your proposed appearance before this committee to represent their views; is that right?

Mr. REUSS. These are not their views; these are my—

Mr. HOEVEN. No, they knew you were coming here to present their views to this committee?

Mr. REUSS. They knew of it because I told them. I said that I intended to offer an amendment to Public Law 480 to undo what I regard as great harm to our foreign policy.

Mr. HOEVEN. Mr. Chairman—may I say I cannot quite understand this, Mr. Reuss. We have had extensive hearings on Public Law 480 and the State Department has not protested its extension.

Now, if this were a court of law, everything that you said would be hearsay and not admissible in evidence.

Mr. REUSS. That is why I urge the committee to call—

Mr. HOEVEN. Why don't these people come here and speak for themselves?

Mr. REUSS. (continuing). Call the State Department.

Mr. HOEVEN. Why should we call them? There have been wide-open hearings here for weeks.

Mr. REUSS. They have not done their job.

Mr. HILL. Why don't you take it to them, not to us?

The CHAIRMAN. I thought our relationship with Australia and New Zealand were in very good shape. We do a lot of buying from Australia and New Zealand.

Mr. HILL. How about the stocks we sell to Canada?

Mr. REUSS. They are great friends of ours, Mr. Chairman, but simply because we are friends, simply because they are gentlemen, simply because they content themselves with diplomatic notes and protests rather than with more overt forms of public reaction, which we all deprecate, I do not think we should disregard their position. And it is only because the State Department did not do its job and did not properly inform your committee that I feel it necessary to be here and to prosecute my amendment.

Mr. TEAGUE. Mr. Chairman, the members of the committee and Mr. Reuss might be interested in this: It happens that our Ambassador to Mexico, Robert C. Hill, is a personal friend of mine, and he knows I am a member of the Committee on Agriculture.

Mrs. Teague and I spent almost 2 weeks in Mexico last fall with him, in his home, and he never once mentioned to me this problem, that there was any bad feeling being engendered by the operation of this.



The CHAIRMAN. I have come in contact with people from Mexico just about every week or two, and I have not heard a complaint from anyone.

Mr. REUSS. Well, getting back to Mr. Hoeven's views on evidence, I do not think, gentlemen, as a former trial lawyer myself, that because you have talked to someone who has not raised an unpleasant subject, therefore the unpleasant subject does not exist.

I have presented facts, and I call your attention to the two recent appearances of material in the Congressional Record at pages 10974 and 11675 within the last week, in which I have documented case after case and presented just what the highest authorities of these countries are saying.

The CHAIRMAN. How could you document the cases when you just talk to someone, some agriculture attaché or economic attaché?

Mr. REUSS. Because I have then gone to the records of the Canadian Parliament, and I have read and reproduced here what the Canadian Finance Minister has said.

The CHAIRMAN. But all you have is the statement, "I cannot do the business because America is taking our markets away from us." I want some specific case. Four billions worth has gone out in Public Law 480.

Mr. REUSS. I would like to present some specific cases.

I would like to present the case of Canada's wheat exports; I would like to present the case of the Argentine-Brazil wheat situation; I would like to present the case of New Zealand-India dried-milk situation.

The CHAIRMAN. Here is a letter from the State Department with the opening paragraph:

The Department of State appreciates the opportunity to express its support of the continuation of Public Law 480 and to supplement the presentation by the Department of Agriculture in regard to certain aspects of the program.

Mr. REUSS. If the chairman will call Mr. Mann, the man who wrote that letter, right now Mr. Mann will tell him that he neglected to say that he was talking about how much good this does the recipient country, how happy the Indian people are to receive these products, and of course he is right. That helps our foreign policy.

But if the chairman will ask him, "And what about third countries, friendly countries, which also export," Mr. Mann will tell the chairman what he told the committee just the other day on May 9:

I think that the list of countries complaining would include a great majority of the nations of the free world.

Mr. HOEVEN. If I may ask a question, Mr. Chairman?

The CHAIRMAN. Mr. Hoeven.

Mr. HOEVEN. Are you objecting to all aspects of Public Law 480 without this amendment, including the sales for cash?

Mr. REUSS. I object to no aspects of Public Law 480 except the absence of this amendment. I think Public Law 480, with this amendment, will be a fine bill which we all can support.

Mr. HOEVEN. The point I am trying to make is this: For example, with respect to cash sales by the CCC, under 480, with respect to all sales, I assume, barter, sales for foreign currencies, the asking price is the world market price. I know of no sales that were accomplished below the world market price.

Does anyone doubt that?

Mr. REUSS. Certainly, sales at the world market price in hard currency in no way affect what I am talking about. Because they do not displace anyone's marketings.

What I am talking about is when we sell to a country for their local currency, which they have available, and then lend it back to them for 40 years at low interest rates, or when we barter with them for strategic materials. That amounts to dumping.

Let me be very clear: I think this is fine. I think we should keep on doing it. I think we should redouble it. I think we should remove all roadblocks in the way; but what we are talking about here is not getting rid of any less farm surplus commodities from this country; we are talking about getting a few less bits of local currency. What we are going to have to do is to see if we cannot find countries that need our surplus farm commodities over and above the usual marketings.

The CHAIRMAN. That is exactly what the law says. That is exactly what Mr. Heimburger just read a moment ago. That is what the law contemplates.

Mr. REUSS. It was taken out of the law, Mr. Chairman.

The CHAIRMAN. This bill you are talking about amending in a substantial way, has already passed the Senate, the Senate committee and the Senate, and it is due for consideration in the House Monday, for us to call it up and substitute our language and go to conference and try to get the bill to the White House.

Now, it seems to me that we are late in receiving this information.

Mr. McIntire wants to ask a question.

Mr. MCINTIRE. I would like to ask a question of you, Congressman Reuss.

As you have analyzed the situation, do you find in your opinion that it is the area of soft currency or the area of barter, if we removed the requirement of additionality, which is the most serious in the opinion of our friendly neighbors?

Which of these areas do you think has the greatest impact, or on which they are the more apprehensive? Is it trading for the soft currency, practically all of which remains in the country and some of it is used for our needs within that country, or is it substantially in the area of barter?

Mr. REUSS. I find the complaints, Mr. McIntire, falling into both categories about equally. There is a feeling both as to the barter and as to soft-currency trade that unless it is undertaken in such a way as to safeguard, in a reasonable manner—that is all that is asked—the usual marketings of friendly countries, what happens is that friendly countries get into serious foreign exchange difficulties.

I would hope, Mr. Chairman, that late though the hour is, since a question of fact has been raised, the committee would call Mr. Mann or Secretary Dulles or anyone else, and verify what I have said, which is that at least a dozen of the best friends we have in the world believe themselves deeply aggrieved by the administration of Public Law 480 without a provision to protect the usual marketings of friendly countries.

The CHAIRMAN. We have that provision in the law, if I understand the English language.



Mr. REUSS. Mr. Chairman, I think this is a question on which all minds should be clear. We simply do not have in the law a provision protecting the usual marketings of friendly countries. We have a provision protecting the usual marketings of the United States, but we took out of the bill back in 1954 the words "or friendly countries." It is sought by me to put it back in again so that the bill that comes to the floor on Monday will be the same bill in that particular as was presented to the House in 1954. And then, if people seek to amend it by removing the words "or friendly countries" again, I would want to take the floor to speak against such an amendment, because I do not think it is in the national interest.

The CHAIRMAN. Did you finish?

Mr. McINTIRE. Not quite, Mr. Chairman, thank you.

You are aware, I am sure, of the action on the part of the Secretary in relation to barter, whereby he did determine and did tighten up the regulations to make sure that these barter transactions were made where there could be proof that the transactions were going to result in exchange of goods in excess of normal marketings under the requirements of additionality to be proven. Do I understand that you are in support of the Secretary's efforts to make sure that that prevails in connection with the barter transactions?

Mr. REUSS. Yes, but his efforts have been—he has thrown out the baby with the bath.

Let me say a word about barter. I think barter is a wonderful device; I think it should be used. I approved heartily the attempt of this subcommittee in the omnibus bill to beef up Public Law 480 on barter. All that I ask is that whether it is a local currency transaction or a barter transaction, it have the safeguard in it. And you can barter much more than we have been and still protect usual marketings of friendly countries. You do it by increasing the food consumption of the countries we are doing business with.

The CHAIRMAN. Thank you very much.

Mr. Tewes, did you want to ask a question?

Mr. TEWES. Yes. I am an amateur as far as Public Law 480 is concerned because I was not here at the time it was passed, and I am attempting to acquire information about it as we go along.

I would like to clarify one point for myself. Is it the chairman's position that the present language does everything which Congressman Reuss wants done?

The CHAIRMAN. I think so. If you put anything else in there, you put a legislative roadblock in the progress of Public Law 480.

The very opening statement says this:

It is hereby declared it be the policy of Congress to expand international trade among the United States and friendly nations.

Then certainly these transactions are supposed to be over and above the normal transactions that are usually carried on. It is strange to me that you have this information that some of these transactions interfered with foreign policy. You have the State Department protecting foreign policy, the President, you have a committee, and I think all these Public Law 480 transactions are approved by the committee, aren't they, Mr. Heimburger?

Mr. HEIMBURGER. Yes, sir.

Mr. REUSS. I want to make a serious charge so as to say something dramatic before your committee. I think that the State Department has not done its job. I think that the State Department in its testimony before your committee has not presented the true facts, and I would hope that the State Department would, between now and next Monday, be given an opportunity to set the record straight because the record, which they cannot deny, and which indeed their representatives last summer before the Senate Agriculture Committee testified to, shows that this law is hurting us with friendly countries. And I just would say in conclusion, Mr. Chairman, that when we took out of Public Law 480 the words "or friendly countries" we did something, we said that we do not care about the usual marketings of friendly countries, and I would hope that we put them back.

The CHAIRMAN. We use the words "friendly nations" two or three times. It says:

As used in this Act "friendly nation" means any country other than the U. S. S. R.—

And so forth.

Mr. REUSS. Yes, but we took out the language that says what consideration friendly nations are entitled to, and I favor putting it back.

The CHAIRMAN. I am certain that they have given consideration to the marketings of other nations in making these transactions. However, do you have your amendment written out?

Mr. REUSS. I will leave, if I may, my two sets of remarks on the floor of June 24 and July 1, respectively, which document in considerable detail.

The CHAIRMAN. Leave that with Mr. Heimbürger.

Mr. REUSS. Thank you.

(The material referred to follows:)

#### HOW TO GET RID OF OUR SURPLUSES WITHOUT GETTING RID OF OUR FRIENDS

(Mr. Reuss asked and was given permission to extend his remarks at this point in the Record.)

Mr. REUSS. Mr. Speaker, the committee report on H. R. 12954, the bill to extend the agricultural surplus disposal program states—page 29—that "although Public Law 480 is primarily a disposal program, one of the main objectives of the act is to further United States foreign policy objectives." As far as the recipient country is concerned, it undoubtedly does further our foreign policy objectives.

But other friendly countries—including some of the best friends that we have—have been turned away from us by the way the act has been administered. If it is one of our foreign policy objectives to keep the friendship of our friends and allies, as it assuredly is, then this objective is not being attained.

Public Law 480, since its enactment in 1954, has contained no language safeguarding third-party friendly nations from having their markets disrupted by our surplus disposal activity. In an earlier act, section 550 of the Mutual Security Act of 1953, Congress expressly directed the President, in negotiating agreements for the sale of surplus commodities, "to take reasonable precautions to safeguard usual marketings of friendly countries." Unfortunately, the Agricultural Trade Development and Assistance Act of 1954—Public Law 480—omitted this clause.

#### HOW THE PROGRAM OPERATES

The effect on friendly countries has been severe.

In practice, the program has been operated largely by the Department of Agriculture, and largely as a means to funnel surpluses abroad without need for the consequences. Gwynn Garnett, Administrator of the Foreign Agriculture



Service, Department of Agriculture, testified last year on Public Law 480 before the Senate Committee on Agriculture and Forestry:

"The objective that we have followed is to move the commodity rapidly \* \* \* the instructions as we interpreted them from the Congress were that we were to move the stuff, and that is what we have done."

Under Public Law 480, we sell farm surpluses for soft foreign currency, or barter them for strategic materials, or give them away for relief purposes. A Canadian wheatgrower, or a Mexican cotton planter, or an Australian dairyman cannot afford to sell his commodities, as we do, for nonconvertible currency and then turn around and lend a major share of it back to the recipient country at low interest rates for periods of up to 40 years.

#### "SOME OF OUR BEST FRIENDS"

Thorsten V. Kalijarvi, Deputy Assistant Secretary of State for Economic Affairs, told the Senate Committee on Agriculture and Forestry last July that—

"Title I of Public Law 480, however, and the barter provisions of title III, cause us serious foreign relations problems with virtually all other exporters of any of the agricultural products included in title I agreements. The basic problem, of course, is to insure that title I sales or title III barter operations do not displace, or appear to displace, commercial sales at world market prices which we or some other free world country would otherwise have made. Most other nations which export agricultural products are greatly dependent upon such exports for the bulk of their foreign exchange earnings. They are not able, as we are, to sell for foreign nonconvertible currency at prices unrelated to either the cost of production of the commodity concerned or to the level at which the price of the commodity is supported domestically. \* \* \* We have not been completely successful in preventing all injury, and some of our best friends abroad have apparently been hurt the worst. \* \* \* What I have been trying to say in my statement is that Public Law 480 is not an unmixed blessing; that it does have disadvantages as well as its good points. One of our basic objectives is to keep our relations with other exporting countries on an even keel."

Among the friendly nations who, according to Mr. Kalijarvi, "have been vocal in their complaints of injury by the United States in the form of displacement of their exports from the world's import markets" are Canada, Australia, New Zealand, Denmark, Mexico, Uruguay, Argentina, Burma, Italy, and Peru.

Take Canada; United States wheat exports, largely as a result of Public Law 480, increased from 345 million bushels in 1956 to 550 million in 1957, while Canadian exports during the same period declined from 310 million to 260 million bushels; 1956 figures were approximately the average annual figures for each country for the prior 6 years. The Canadian Government, not surprisingly, attributes almost all of its loss from its regular export customers, such as the United Kingdom, Belgium, Western Germany, France, and Japan, to the effect of Public Law 480.

#### EFFECT ON CANADA'S WHEAT EXPORTS

Another example of the disturbance caused to Canadian foreign trade occurs in the case of barter. In the 6-month period ending July 1, 1957, we negotiated more than \$125 million of barter contracts, a large proportion in wheat. Following May 1957, the Department of Agriculture ended the barter program, so that only \$3 million in barter contracts were negotiated in the last 6 months of 1957. During this last 6 months of 1957, United States sales of wheat under barter agreements declined markedly, but Canadian sales of wheat for export regained almost all the 50 million bushels of annual exports which had previously been lost.

These two examples show quite clearly how Canada's wheat exports declined when the United States stepped up its Public Law 480 activities, and recovered when Public Law 480 activities were reduced. H. R. 12954, in addition to renewing the general Public Law 480 authority, specifically directs the vigorous resumption of the barter program. Unless something is done to cushion this impact, therefor, Canada is shortly going to feel the effect of our export surplus operation again.

## WHAT CANADIANS SAY

It is not surprising that these activities have evoked protests from our good neighbor to the north. In the June 17, 1958, budget message before the Canadian House of Commons, the Honorable Donald M. Fleming, Minister of Finance, said:

"United States agricultural policies continue to be severely damaging to Canadian interests. Apart from direct restrictions imposed on Canadian agricultural products, we suffer severe harm from United States surplus disposal activities. Massive United States disposal of wheat and other grains on giveaway or subsidized terms have done serious damage to Canadian exports in some of our best commercial markets. Despite frequent and energetic Canadian complaints, these harmful practices have continued. We find it difficult to understand why the United States should treat its best customer and friendly neighbor in this way. We have made it clear to the United States authorities that measures which add to our difficulties in selling in the United States market or in third countries cannot but impair our ability and willingness to import from them."

In the same vein, the Honorable Gordon Churchill, Canadian Ministers of Trade and Commerce, said in the Canadian Journal of Commerce on May 22, 1958:

"Canadians have taken strong objection to the policies adopted by the United States in disposing of surplus farm products. This program has resulted in a direct loss of part of Canada's world market for wheat. The main criticism of this program has been the extent to which the disposal of wheat on concessional terms has disrupted or destroyed normal commercial markets for wheat. Canada feels that this type of action which partly alienates markets for years to come is not conducive to sound world trading relations in general. There has been some improvement in this regard in recent months, but Canada simply cannot compete for world agricultural markets against the United States disposal program, backed as it is by the wealth of the United States."

The importance of our surplus disposal policy to Canada is indicated by an article in the April 1958 Foreign Affairs, by Michael Barkway, Ottawa correspondent of the Toronto Financial Post:

"A current list of Canadian complaints about the United States policy can be compiled easily, and partly according to taste. It must include the farm products disposal program, which seriously cut into Canadian wheat markets last year."

## AMBASSADOR MERCHANT'S VIEWS

Our own Ambassador to Canada, Livingston Merchant, said in a speech early this year:

"When I came to Ottawa 2 years ago, I did not believe that, as the problems multiplied and became more complex, the atmosphere itself might change and with the change solutions become more difficult. But this I now believe may be happening. There have been for a year or more signs of a change in mood or climate which it behooves both our countries to look at."

Mexico has also protested many times against the application of Public Law 480. Mexico's number one export crop, constituting 30 percent of her exports, is cotton. Since 1956, when our cotton exports under Public Law 480 began markedly to expand, Mexico's exports of her own cotton to such countries as Italy, Spain, France, Belgium, the United Kingdom, and Japan have declined by more than one-third.

## THE AUSTRALIAN REACTION

Or take Australia. A considerable portion of Australia's foreign trade is the sale of wheat to India. Under Public Law 480, the United States and India in August, 1956, announced an agreement to finance the sale of 130 million bushels of American wheat to India for \$200 million. Payments were to be made in rupees, of which 15 percent was to be made available to India as an outright grant, and 65 percent loaned to India for 40 years at a low interest rate. The chairman of the Australian Wheat Board, John Teasdale, wrote in the *Farmers Weekly*, October 11, 1956, that—

"The United States is using the powers granted by Congress' Public Law 480 to dump primary products in other countries. The terms of sales, financial considerations and ethics of fair trade are being made subservient to the desperate desire to shift the responsibility for the care-taking and storing of products to countries other than the United States of America."



Before the Australian Federal Parliament on October 4, 1956, the Australian Minister for Trade, John McEwen, charged that Australian export prospects for wheat would be disturbed by the Indian arrangement. In a speech to the Australian National Catholic Rural Movement in April 1956, T. V. Strong, Director of the Australian Bureau of Agricultural Economics, said:

"The dumping policy of the United States has been the most demoralizing in the history of international trade."

I have received from J. Bevan Todd, commercial counselor of the Australian Embassy here, a statement on June 5, 1958, of the attitude of the Australian Government toward surplus disposal:

"The attitude of the Australian Government to the disposal of surplus agricultural products has been clearly stated, and in general may be summarized as follows:

"(a) Australia recognizes that the problem of surplus production is, in many respects, a result of the great efforts made by United States agriculture to meet the special problems of war and postwar food shortages.

"(b) Australia appreciates the fact that the United States has made substantial progress toward restoring a reasonable balance between production and market opportunities for a number of commodities. However, despite certain legislation, including the Soil Bank program, for a number of other commodities the solution of the fundamental problem of excess production does not seem to be in sight. Parity prices tied to levels of stocks seem to be self-defeating as far as balancing production and consumption is concerned.

"(c) The fact remains that existing stocks of surplus farm products constitute a continuing threat to the stability of world trade in these products.

"(d) Australia has never sought to deny these surplus products entry into world trade channels. Nor has it tried to obstruct their disposal on generous concessional terms for consumption by needy people who would not otherwise be able to purchase like commodities under commercial trading conditions. But Australia does seek to insure that surpluses will be moved under conditions that will result in the least possible disturbance to regular commercial marketings, whilst at the same time creating, if possible, an additional demand for the products.

"(e) Australia considers that undue disturbance of commercial trade can be avoided only if the parties to a concessional disposal transaction afford other countries, whose interests are likely to be affected, the opportunity for effective consultations. To be effective, such consultations must represent far more than advice that a disposal transaction is being negotiated. They must provide for the transmission of information concerning the proposal in sufficient detail and in sufficient time for the interested country to examine the proposal usefully, and to make known its views to the parties of the proposal. Above all, the whole procedure of consultations can serve no purpose unless the representations made in the course of consultations are given full and genuine consideration by the country disposing of the surpluses."

#### PERU'S POSITION

Here is what the delegation from Peru to the International Cotton Advisory Committee had to say at the 1957 meeting of the International Cotton Advisory Committee:

"Due to the importance of cotton in the national economy, the preoccupation not only of the Peruvian Government but also of the cotton producers and all economic circles of the country is entirely justified, regarding the program of excess production and exports of this fiber as well as other measures to protect producers adopted by the Congress and Government of the United States. In particular, this preoccupation is concentrated on the dumping of enormous quantities of excess production in the world markets (about 7 million bales in 1956-57, and probably 5 million bales in the 1957-58 season), and also sales made to countries which habitually purchase cotton from Peru, such as Chile, payable in local currency and at long terms."

We are considering the renewal of Public Law 480 at a time of renewed world tension, at a time when we need to keep every good friend we have. Certainly there are plenty of opportunities for us to dispose of our farm surpluses by selling them for local currency, which we then lend back to the buyer, or by swapping them for strategic materials, without unduly undercutting the normal trade expectancies of friendly countries. Our friends and allies deserve something better from us than a policy of beggar thy neighbor.

What shall it profit this country if we empty our surplus warehouses, in return for some I O U's of remote value, if in the process we lose our best friends?

#### THE AMENDMENT

When H. R. 12954 comes to the House floor, as it will in the next day or two, I intend to offer an amendment which will add to the existing policy declarations of section 2 of Public Law 480 the following:

"It is further the policy of Congress to take reasonable precautions to avoid displacing usual marketings of friendly countries."

If injustices have been done our neighbors under our surplus disposal so far, this amendment will put a stop to them. To those who may be tempted to argue in opposition to the amendment that no usual marketings of friendly countries have in fact been displaced, it can be answered that adoption of the amendment will then cause no change in the program.

I hope that a majority of Members will join me in demonstrating that the United States is willing to take the interests of its free-world neighbors into account.

#### IT IS IMPERATIVE TO AMEND PUBLIC LAW 480 SO AS TO STOP HURTING OUR FRIENDS

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Wisconsin, Mr. Reuss, is recognized for 20 minutes.

Mr. REUSS. Mr. Speaker, last week—Congressional Record, June 24, 1958, pages 10974-10976—I called to the attention of the Members the fact that the Agricultural Trade Development and Assistance Act of 1954—Public Law 480—because it contains no provision requiring the taking of reasonable precautions in our surplus disposal program to safeguard the usual marketings of friendly countries, has caused much harm to our foreign policy. Many friendly countries such as Canada, Australia, Argentina, New Zealand, Denmark, Mexico, Uruguay, Peru, Burma, and Italy have complained that our surplus-disposal program has displaced them from their normal world markets with great damage to their economies. I served notice that I would offer an amendment to the measure which will come up very shortly to extend Public Law 480 for an additional 2 years as follows:

"It is further the policy of Congress to take reasonable precautions to avoid displacing usual marketings of friendly countries."

Yesterday the majority leader, the gentleman from Massachusetts, Mr. McCormack, expressed on the floor his concern, which I fully share, lest Public Law 480 hurt our relationships with some of the best friends we have in the world. Unfortunately, the State Department has not sufficiently informed the Congress of the harm done our foreign policy by the absence of a provision against displacing the usual marketings of friendly countries.

#### SOME OF OUR BEST FRIENDS

The State Department has been mouselike, indeed, in passing on to the Committees on Agriculture the complaints of friendly countries. However, before the House Committee on Agriculture on May 9, 1958, Assistant Secretary of State for Economic Affairs Thomas C. Mann did say, in response to a question whether the State Department had heard complaints from foreign countries about the operation of Public Law 480:

"I think [the list of countries complaining] would include a great majority of the nations of the free world. They have complained at one time or another on some particular barter arrangement."

A predecessor of Assistant Secretary Mann was even more to the point. Thorsten V. Kalijarvi, Deputy Assistant Secretary of State for Economic Affairs, told the Senate Committee on Agriculture and Forestry last July that—

"Title I of Public Law 480, however, and the barter provisions of title III, cause us serious foreign-relations problems with virtually all other exporters of any of the agricultural products included in title I agreements. The basic problem, of course, is to insure that title I sales or title II barter operations do not displace, or appear to displace, commercial sales at world market prices which we or some other free-world country would otherwise have made. Most other nations which export agricultural products are greatly dependent upon such exports for the bulk of their foreign-exchange earnings. They are not able, as we are to sell for foreign nonconvertible currency at prices unrelated to either



the cost of production of the commodity concerned or to the level at which the price of the commodity is supported domestically. \* \* \* We have not been completely successful in preventing all injury, and some of our best friends abroad have apparently been hurt the worst. \* \* \* What I have been trying to say in my statement is that Public Law 480 is not an unmixed blessing; that it does have disadvantages as well as its good points. One of our basic objectives is to keep our relations with other exporting countries on an even keel."

#### HARM TO CANADA, MEXICO, ARGENTINA

There are many examples of injury to friendly countries by our disposal program.

For example, Canada's wheat exports declined from 310 million bushels in 1956 to 260 million bushels in 1957, while United States wheat exports, largely as a result of Public Law 480, were increasing during the same period from 345 million bushels to 550 million bushels. The Canadian Government blames Public Law 480 almost entirely for this damage to its export position.

Again, Mexico's No. 1 export crop, cotton, which constitutes 30 percent of her exports, declined by more than one-third since 1955. Meanwhile, United States exports of cotton under title I of Public Law 480 went from 365,000 bales in 1955 to 845,000 bales in 1956, to 1,051,000 bales in 1957. Mexico's protests have gone unheeded.

A third example is Argentina. Argentina's exports of wheat to Brazil declined from 1,265,278 tons in 1955, to 998,477 in 1956, and 823,261 in 1957. Meanwhile, the United States, spurred by Public Law 480, was increasing its 107,891 tons of wheat exports to Brazil in 1955 to 500,780 in 1956, and 487,488 in 1957. Argentina is naturally disturbed at this displacement.

#### WHAT PUBLIC LAW 480 REALLY SAYS

Instead of warning Congress of the pitfalls of Public Law 480, the Department of State in its official statement before the Senate Committee on Agriculture and Forestry on February 5, 1958, said:

"The Department of State is responsible for negotiating Public Law 480, title I, sales and loan agreements with foreign governments. We must insure that the resulting programs are effectively coordinated with other United States activities abroad, that they are in accord with our overall foreign policy objectives, and that surplus sales do not interfere with the normal marketing of the United States and other friendly exporting countries."

This last completely mistakes the law. Public Law 480 does indeed contain a mandate that surplus sales must not interfere with the normal marketings of the United States. Its predecessor law, section 550 of the Mutual Security Act of 1953, did indeed contain a congressional directive that the President, in negotiating agreements for the sale of surplus commodities, should take reasonable precautions to safeguard the usual marketings, not only of the United States, but of friendly countries. Identical language applying the policy against cannibalism not only to the usual marketings of the United States, but to those of friendly countries, was contained in the bill which later became Public Law 480, as it was reported out on the floor of the House in 1954. During debate in the House, however, the bill was unfortunately amended to take out this language, and thus to limit the application of brotherly love to ourselves.

If the State Department were doing its job, it would be begging Congress to put into Public Law 480 a provision that the usual marketings of friendly countries must be safeguarded. Instead, it lulls Congress into a state of complacency by representing that the law does contain what it should contain, but in fact does not.

The State Department is not alone in giving the erroneous impression that Public Law 480 safeguards the usual marketings of friendly countries. Secretary of Agriculture Ezra Taft Benson, having heard how we were losing Canada's friendship by our administration of Public Law 480, went up to Winnipeg on May 20, 1958, to explain all to the Winnipeg Chamber of Commerce. Here is what he told the chamber of commerce:

"One of the continuing questions that Canada raises regarding United States economic policy has to do with these special export programs. I would like to clarify our position.

"Our principal means for expanding consumption of farm products over and above commercial sales is contained in the Agricultural Trade Development and

Assistance Act of 1954—commonly called Public Law 480. This law was enacted in recognition of the fact that if our exports were confined to cash-on-the-barrel-head dollar transactions, our surpluses would accumulate in a wasteful manner. Moreover, millions of world consumers in dire need of food would be denied access to our abundance. The act provides for additional ways of transacting business, some of them unorthodox by economic textbook standards. It provides for selling our farm products for foreign currencies. It provides for bartering them for strategic materials. It provides for donations.

"But written throughout this program—and I want to emphasize this—are safeguards to protect and to increase commercial marketing."

#### SECRETARY BENSON IN WINNIPEG

The assembled banqueters of the Winnipeg Chamber of Commerce might reasonably have inferred that the commercial marketings protected by good old Public Law 480 included those of friendly countries like Canada. What Secretary Benson neglected to tell his audience was that the protective language applicable to friendly countries such as Canada was amended out of the law back in 1954, from which all the trouble stems. In view of the dependence of the Winnipeg area on wheat exports, it was perhaps as well for Secretary Benson that he made this slight elision in his speech.

Just a few days before, on May 5, 1958, Mr. Benson's spokesman, Administrator Walter C. Berger, of the Department of Agriculture's Commodity Stabilization Service, told the House Committee on Agriculture that:

"I began to find that the barter program was creating in these countries in which we were selling this 70 percent or 80 percent of our materials through our regular exporting channels a competition against our own sales to people who were buying from us for cash. In other words, if we were selling into, using an illustration, West Germany, who has a currency, a very good, sound currency today—if the exporter was selling into Germany, he was selling at a little discount. Now that discount everyone thought at first was merely a discount against our competitors in the other world, the rest of the world, such as in the case of wheat against Canada, the Argentine, Australia. However, it was against ourselves, and as executive vice president of CCC that is when I began to get alarmed."

#### I BEGAN TO GET ALARMED

In other words, a policy of "beggar thy neighbor" that hurts Canada, Argentina, or Australia, is a trifle scarcely worthy of notice. But when it hurts our own commercial marketings—well, "that is when I began to get alarmed."

The harm caused by Public Law 480, without an amendment requiring the taking of reasonable precautions to safeguard the usual marketing of friendly countries, is no laughing matter. The Report of the Special Study Mission to Canada, comprising the Honorable Brooks Hays, of Arkansas, and the Honorable Frank M. Coffin, Maine, of the Committee on Foreign Affairs, published on May 22, 1958, found that "there is ample evidence an erosion in the traditionally excellent relationships between the United States and Canada." Representatives Hays and Coffin, discussing the displacement of normal Canadian wheat exports due to the operations of Public Law 480, said:

"During our visit to Canada, concern over this problem was apparent on every side. We have learned that the United States Government has undertaken to reassure the Canadians as to our intentions and as to our practices. Such reassurances, however, are scant solace to the Canadian farmer who has a surplus of wheat on hand. Obviously, if Canadian exports were to grow, concern over this problem would decrease.

"There is no doubt that the United States serves a real humanitarian purpose by the furnishing of surplus agricultural commodities abroad. It would seem somewhat hardhearted to say that we should deprive needy people of food and other assistance because it might disturb a normal commercial channel. On this point the Canadians have no objection. On the other hand, they have a perfectly legitimate grievance to the extent that it can be said that the United States is exporting its own farm problem. In the Canadian view, the way to solve the problem is by some means other than subsidizing United States Government sales abroad."



## THE HAYS-COFFIN RECOMMENDATIONS

In their recommendations, Representatives Hays and Coffin have this to say: "Prior to and while carrying out the sales for local currencies of surplus agricultural commodities such as wheat to foreign governments, the United States should pay particular attention to Canada's interests. In view of her heavy dependence on wheat exports, careful consideration should be given by our Government to the effects of any sales on the Canadian economy. Not only should the executive department proceed with this awareness, but Congress should also realize that a temporary solution of a United States farm problem could create serious problems for Canada. Commercial markets, capable of making payments in dollars, should not be approached through the mechanism of Public Law 480. In short, a certain amount of forbearance is indicated. The possibilities, advantages, and hazards of a joint United States-Canadian wheat marketing corporation should be explored."

These recommendations point clearly to the necessity of amending Public Law 480 so as to require "reasonable precautions so as to avoid displacing usual marketings of friendly countries." Such an amendment will help our relations with not only Canada but with every other exporting country of the free world.

Mr. Speaker, this House cannot afford to ignore the plain evidence that some of the best friends we have in the world are deeply aggrieved by the operation of Public Law 480. It may well be that the State Department has been remiss in not presenting with more vigor the harm done to our foreign policy by the law as it now stands. Its failure to do so is one of the reasons why I am not an unqualified admirer of the State Department.

WE SHOULD NOT DISREGARD PROTESTS SIMPLY BECAUSE THEY ARE GENTLEMANLY

Nor should we become complacent because in Canada, Australia, Argentina, New Zealand, Denmark, Mexico, Uruguay, and in other countries hurt by Public Law 480, the protests have been gentlemanly and restrained. God forbid that the only protests against our foreign policy that we are capable of noting are a Vice President spit upon, an Embassy sacked, American servicemen kidnaped.

The stoic attitude of friendly countries hurt by Public Law 480 should not blind us to the dangerous nature of the game we are playing. It is said of the philosopher Epictetus, founder of the stoic creed, that he patiently admonished a cruel neighbor who was maliciously twisting his leg beyond endurance, "If you continue twisting my leg, you will break it." A moment later, as the bone snapped, Epictetus turned reproachfully and said, "You see, I told you not to continue twisting my leg."

Mr. Speaker, I hope that we will not allow our friends' forbearance to encourage us to twist their economies to the breaking point.

I sincerely hope that the House Committee on Agriculture in presenting to the House the extension of Public Law 480, will attach an amendment requiring "reasonable precautions to avoid displacing usual marketings of foreign countries."

The CHAIRMAN. Mr. Tewes.

Mr. TEWES. I would like to have Mr. Heimburger comment on this. Now in essence Mr. Reuss charges that here is a matter of legislative construction which has been established by the striking of three words, and that actually the words do not mean the same, I mean, the present language does not mean the same as it did originally because those three words were stricken. Now what is the merit of that position in your view?

Mr. HEIMBURGER. Mr. Chairman, shall I answer the gentleman's question here?

The CHAIRMAN. Yes.

Mr. HEIMBURGER. The position taken by Mr. Reuss is entirely correct—that the words "friendly nations" was struck out of the House bill when it was brought to the floor.

The CHAIRMAN. "Friendly nations"?

Mr. HEIMBURGER. Yes, Mr. Chairman. Now the part of the bill that he is talking about is paragraph (a) of section 101, and as this bill came to the floor from the Committee on Agriculture the language read:

The President shall take reasonable precautions to safeguard against the displacement of usual marketings of the United States or friendly nations and assure insofar as practicable that sales under this Act will not disrupt world prices of like commodities of similar quality.

Now I do not have a copy of the bill as it was enacted by the House, but my memory is——

The CHAIRMAN. Isn't that what it says:

reasonable precautions to safeguard the usual——

Mr. HEIMBURGER. I think that is what it said.

The CHAIRMAN. That will not unduly disrupt world prices?

Mr. HEIMBURGER. I think that is approximately what it said.

The CHAIRMAN. It seems it is the same thing said in a different way.

Mr. HEIMBURGER. May I just read to the chairman what our report at the time said about this language. And this becomes important because this makes the legislative history. Our report said, with regard to this paragraph (a):

The President is required to take reasonable precautions against the displacement of usual marketings of such commodities by the United States or friendly nations and disruption of world prices.

The CHAIRMAN. That is in the report?

Mr. HEIMBURGER. That is in the report explaining the language I just read.

Now in the conference some language was put back into this section (a) which had been struck out on the floor, and the conference provision reads as it does now in the law, and here is the language of the conference report explaining the action of the conferees and putting the language back in, section 101 (a):

The committee of conference has added to this section the words, "and to assure that sales under this act will not unduly disrupt world prices of agricultural commodities." This language is substantially similar to that in the bill as reported by the House Agricultural Committee and is meant to reassure friendly nations that there is no intention on the part of the United States of undertaking a surplus dumping program.

So that the conference report says that the language now in the act is to be construed and interpreted in substantially the same manner as the language in the bill which was originally reported by the Committee on Agriculture.

Mr. REUSS. Mr. Chairman, may I comment on that, please?

The CHAIRMAN. Yes, sir.

Mr. REUSS. There is a big difference between disrupting world prices, which is one thing, and displacing usual marketings, which is another.

The conference reported accurately what had happened on the floor of the House. They had saved the "don't disrupt world prices" feature, but they had not saved the safeguard "usual marketings of friendly countries" feature.

The CHAIRMAN. That is what the language means.

Mr. HEIMBURGER. Mr. Chairman, may I comment on that?



I am sure that the gentleman wants to get the full background of this thing. I think there never has been a bill before this committee, Mr. Chairman, in which more care was taken in the drafting than Public Law 480.

I sat in at drafting sessions at which lawyers from the Department of Agriculture, the State Department, ICA, the Bureau of the Budget, Treasury, and the White House participated. And that was usual in the drafting of this language.

As you recall, there must have been 25 different drafts before we got one that this committee reported.

Now, when this language was stricken out on the floor of the House—well, let me start again.

After the language had been stricken out on the floor of the House, it was recognized that there needed to be something in the bill to carry out this idea of not interfering to any greater extent than is necessary with the marketings of other friendly countries. And after great discussion and consideration on the part of all these people who had participated in the drafting of this bill, the language which was adopted by the committee on conference was recommended, and it was intended to do exactly the same thing that the language which had been in the House bill as reported did do. And the only reason why the reference to the usual marketings of friendly countries was left out of there was because that established, or appeared to establish, a specific criterion. And the people at the Department of Agriculture and at the State Department, also, Mr. Reuss, pointed out that in many instances it would be absolutely impossible for the Secretary of Agriculture to determine with preciseness what the usual marketings of a friendly country with another third country was; so that the real intent of this language was to go back to the House meaning without having in there the precise definition that it was felt would be administratively very difficult to carry out.

MR. REUSS. Well, you said it was, and it was not.

I do not see how it can be both. They either wanted it out, and when my friend in Mississippi—

THE CHAIRMAN. He said it was taken out on the floor of the House but put back in conference.

MR. REUSS. Except I do not think it was put back in in conference.

You have said someone thought it was hard to administer, so it was not put back in. And in fact, it is not in.

Friendly countries are not protected, and they have not been.

THE CHAIRMAN. Mr. Tewes.

MR. TEWES. All right, now, assuming the committee's position is that what you seek is in the present language, and that is a construction with which you disagree, I would leave that and go to the next point.

You then charge that whether or not the language means what you say it would, you claim to have evidence that the object of your language is not being accomplished under the act.

Now, to that—

MR. REUSS. And one more thing, Mr. Tewes: The language that Mr. Heimburger has just alluded to relates only to title I sales for local currency; whereas, my proposal would place it in the section 2 policy section, which relates to barter, sales for local currency, and all

other types of sales, which is exactly where it belongs. To that extent, my proposed amendment would go further than the bill as it came out of the committee in 1954, and I believe it should.

Mr. TEWES. Well, now, you have charged that the State Department has not testified to the real facts in this case, and I would like to inquire toward that point, then:

How were they invited up here to testify, and who was invited in the State Department—

The CHAIRMAN. Mr. Mann was here.

Mr. TEWES. How do we do that is what I am getting at.

The CHAIRMAN. How do we get them up here?

Mr. HEIMBURGER. May I answer that, Mr. Chairman, since I did it?

At the chairman's instructions, when we had scheduled the hearings on Public Law 480, I called the Legislative Liaison Office of the Department of State, which is our usual procedure, and said that we were having a hearing on Public Law 480, and did the State Department want to appear?

Now, the response which came back by telephone a day or so later from the legislative liaison was that the State Department did not particularly want to appear; they had been content to file a letter.

I discussed that with Mr. Cooley, Chairman Cooley, and he said, "Well, I think we should have someone up here from the State Department to give their position in person, and I would like very much to have Under Secretary Christian Herter come up and represent the State Department."

I passed this on by telephone to the Legislative Liaison Office and made a strenuous request that Under Secretary Herter appear in person before the committee to state the Department's position, and he would have done so except that at the moment the Secretary was out of the country and Mr. Herter had to go to New York to represent the Secretary in some meeting which had previously been set up.

In the absence, then, of Mr. Herter, Assistant Secretary Mann sent up the letter which the chairman has referred to in the testimony this morning, and Dr. Elliott, who is a consultant to Under Secretary Herter, came up to make a presentation in person and to answer questions from the committee.

Mr. TEWES. The last question I have pertains to one which has disturbed me, and, I think, other members of the committee, and that is this matter of jurisdiction on some of these matters, where the Foreign Policy Committee's jurisdiction begins and ends, and where ours begins and ends.

I remember that the chairman last week had a discussion of this on the floor of the House with one of our colleagues from Wisconsin, Congressman Zablocki, who raised the same point.

Now, on that, what is being done in the way of liaison between the groups on these matters which seem to involve our international policy as well as our domestic policy of getting rid of surpluses?

What is the liaison between us and the Foreign Affairs Committee and the Agriculture Department and the State Department on these matters?

The CHAIRMAN. John just told you that.

In the drafting of Public Law 480, all of them participated. I do not know of any other committee of Congress that could more appropriately consider the problems involved in Public Law 480 than



this committee, because it is primarily concerned with surplus commodities.

The foreign policy aspects of Public Law 480 are somewhat collateral. The main thing was to get rid of the surplus commodities and make them available to friendly people.

Mr. TEWES. Of course, the Foreign Policy Committee, I think, takes an opposite view.

The CHAIRMAN. The Appropriations Committee wanted to take it over.

Mr. TEWES. The question I raise, I am trying to educate myself and not get in on the battle is what, presently, liaison have we worked out, or are we just going ahead and administering Public Law 480 as our responsibility without regard to the Appropriations Committee or the Foreign Affairs Committee?

Mr. HOEVEN. When the original bill was introduced, it was referred to the Committee on Agriculture by the Speaker of the House. Had he seen fit to refer it to the Committee on Foreign Affairs, he would have done so.

The CHAIRMAN. We will have to adjourn as the bells have rung.

Mr. REUSS. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you.

The committee stands adjourned subject to call of the Chair.

(Whereupon, at 11:55 a. m., the hearing was adjourned.)

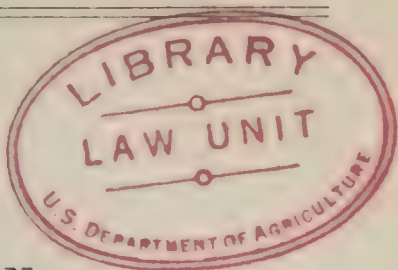
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# PROGRAM OPERATIONS OF PUBLIC LAW 480

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## HEARINGS BEFORE THE SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS OF THE COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES EIGHTY-FIFTH CONGRESS SECOND SESSION

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AUGUST 18 AND 19, 1958

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## PROGRAM OPERATIONS OF PUBLIC LAW 480

MONDAY, AUGUST 18, 1958

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS  
OF THE COMMITTEE ON AGRICULTURE,  
*Washington, D. C.*

The subcommittee met at 10 a. m., in room 1310, New House Office Building, Washington, D. C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

MR. POAGE. The committee will please come to order. I believe we now have a quorum of the committee.

We are met here today, gentlemen, to consider the operations of the Public Law 480 program. I have just been advised in the last few minutes we have been requested to appoint conferees on the bill to extend Public Law 480. The committee wanted to know a little more about the operations of Public Law 480 before leaving here and felt we might need to hold hearings after Congress adjourned. We want to explore the general situation this morning and make our program a little more intelligently in the future. We had hoped to have some of those charged with the operations of these programs. We find most of those who claim the responsibility are engaged somewhere else or unfortunately we find Mr. Daniels had a stroke Saturday night and could not be here.

So we have a number of representatives from the Department here who I am sure can tell us about the operations of the program. We would like to know a little bit more about why they did some of these things.

I have several representatives from the Department listed as being present. I presume, Mr. Miller, that you probably would be spokesman for the Department.

MR. MILLER. I certainly will for the Commodity Stabilization Service and Barter.

MR. COOLEY. Mr. Poage said we were interested in Public Law 480. We are always interested in cash sales and in the whole program of disposition of surplus commodities. We want to go into the overall operation.

MR. MILLER. We are prepared to do that, sir.

**STATEMENT OF CLARENCE L. MILLER, ASSOCIATE ADMINISTRATOR, COMMODITY STABILIZATION SERVICE; CHARLES E. RAEDER, ASSISTANT TO THE GENERAL SALES MANAGER, COMMODITY STABILIZATION SERVICE; AND THOMAS R. RAWLINGS, DIRECTOR, BARTER AND STOCKPILING, COMMODITY STABILIZATION SERVICE**

Mr. POAGE. I suppose, Mr. Miller, you might as well open this up and give us an outline of your foreign operations and how you are disposing of these commodities. We will not want to go into the details at the moment.

Mr. MILLER. I will be glad to. I have no formalized statement and I think Mr. Heimburger stated he did not expect us to have one this morning.

Mr. COOLEY. Are you in a position now or can you furnish this information later? I would like to know something about the magnitude of the operations, how much money we now have in CCC inventories and how it is invested, commodity by commodity.

Then I want to know what quantities of surplus commodities have been disposed of and how they have been disposed of. That is, whether by sale or barter and if by sale whether for dollars or foreign currencies. I am sure you have that information.

Mr. MILLER. We have it, I believe. Mr. C. E. Raeder is here, Office of General Sales Manager.

Mr. COOLEY. I think this is true. The Commodity Credit Corporation is the world's largest food and fiber merchant.

Mr. MILLER. It is a safe statement to make.

Mr. COOLEY. That being true, we want to know what sales force we have employed to dispose of these commodities and something about the techniques of salesmanship that are employed. We also want to know something about the difficulties the American businessmen have encountered in consummating transactions involving these surplus commodities.

What I have in mind is this. A new businessman, let us say, who has not done any business with Commodity Credit Corporation in the past, what are the procedural steps he must take, who is the person with whom he may confer, how may he obtain information that can be passed on to prospective foreign buyers or businessmen in foreign countries?

Mr. SIMPSON. If the chairman will yield, do you not think it would be a good idea for the committee to know something about the certificates of essentiality?

Mr. COOLEY. Yes, sir; where they are required and if so, under what circumstances.

Mr. SIMPSON. In other words, is some concern anywhere in the United States obtaining a certificate of essentiality—

Mr. COOLEY. Essentiality and additionality.

Mr. SIMPSON. It is over and above the normal requirement?

Mr. COOLEY. That is right.

Mr. SIMPSON. They should know whether or not some firm anywhere in the United States has gotten hold of one of these certificates and sold it at a profit in my opinion.



Mr. COOLEY. There is some evidence before this committee, on former occasions, to the effect that when a businessman obtains a certificate of additionality he is then in a position to make tremendous profits by a little effort on his part. I do not know enough about the transactions to know how important the certificate of additionality is, how often it is issued, or under what circumstances.

Mr. MILLER. If I might start out, Mr. Chairman, in general conversation, and if you will direct me in the avenue you want followed, we will develop the subject matter as we go along and proceed in that manner.

First of all, I think you want us to talk about the activities of the General Sales Manager's Office, that being one of the primary methods used by Commodity Credit Corporation in disposing of its accumulated surpluses.

We will also from our side of the House be able to discuss the barter program. That is another very important method we have used in disposing of agricultural surpluses. We have Mr. O'Leary, who will talk about the Public Law 480 aspects of our disposal program handled by Foreign Agriculture Service in close cooperation with our Commodity Stabilization Service activity.

We have created the Office of General Sales Manager, I think under an act of Congress, some 2 years ago.

Mr. RAEDER. At the direction of Congress 3 years ago.

Mr. MILLER. Frank Daniels was appointed as General Sales Manager. He has the complete staff at his disposal, people who have had knowledge of merchandising in the Department in years gone by. He has as his immediate assistant Mr. John Dean and then he has various others, including Mr. Raeder.

Mr. COOLEY. May I interrupt to ask you to give us the names of members of his staff and some information concerning their experience?

Mr. MILLER. Yes, sir.

Mr. COOLEY. The reason I ask that is that I have been told by people in the cotton trade that the Department of Agriculture did not have a single man experienced in cotton in the whole Department, that is, associated with these programs we are talking about.

Please give us the names and a little biographical sketch as to each and it will be helpful.

Mr. MILLER. We will be glad to supply that, Mr. Cooley.

(The data referred to above is as follows:)

#### STAFF MEMBERS OF THE OFFICE OF GENERAL SALES MANAGER

##### *Francis C. Daniels, General Sales Manager*

Mr. Daniels has had many years of experience in the field of merchandising agricultural commodities. He served 2 years as a consultant to the CSS Administrator in the development of special programs to sell CCC commodities. Appointed General Sales Manager July 1, 1955.

Before entering Government service, Mr. Daniels was secretary and general manager of a large agricultural supply distributing organization. Before that, he spent several years in the sales departments of agricultural product manufacturers, including a period as assistant sales manager for one of the largest feed manufacturing companies in the eastern part of the country. He also served as a director and chairman of the feed rules committee of the National Grain and Feed Dealers Association.

Mr. Daniels was born in Marquette, Mich., and graduated from high school and college in that city. He served with the 85th Division of the Army during World War I.

*John H. Dean, Deputy General Sales Manager*

Reared on a farm in South Carolina, and a graduate of Clemson Agricultural College. Has been engaged in agricultural services and in program administration continuously during the past 26 years.

After a period of land use, disease control and county agricultural extension agent, joined staff of the United States Department of Agriculture in Arkansas in 1939. Transferred to Washington in 1942 and served several years as Assistant Director of the Cotton Division. From 1950 until July 1955, served as Deputy Administrator for Price Support and since July of 1955 has been Deputy General Sales Manager of the Commodity Stabilization Service.

The Office of the General Sales Manager, consulting with the Administrator and the CCC Board of Directors, determines policies and directs operations for all sales of CCC commodities, both in Washington and in the seven commodity field offices.

*Walter W. Sikes, assistant to the General Sales Manager*

Born : August 29, 1907, Wake Forest, N. C.

Education : B. A. degree from Wake Forest College 1930 ; one semester post-graduate work, Columbia University, New York City, 1930-31 ; Wake Forest Law School, summer sessions of 1928 and 1929.

*Previous employment—*

1932-35: Teacher, Anderson Junior College, Anderson, S. C.; representative, Mutual Benefit Life Insurance, Newark, N. J., at Anderson, S. C.

1935: Entered Government service, September 5, 1935.

1935-37: (Senior clerk) Economic Section, Division of Cotton, Agricultural Adjustment Administration, USDA.

1937-43: Administrative assistant, Southern Division, AAA, USDA.

1943-47: War Food Administration, CCC, Transportation and Warehousing.

1947-48: Chief, Shipping and Storage Area Office, Chicago, Ill.

1948-55: Chief, Procurement Section; assistant to Chief, Procurement and Import Division, Fats and Oils Branch, PMA, USDA.

1955 (May to November) : Assistant Chief, Fats and Oils Division, International Cooperation Administration, Department of State.

1955 to present: Assistant to General Sales Manager, CSS. Primarily responsible for sales program of cotton and fats and oils.

*Charles E. Raeder, assistant to the General Sales Manager*

Responsibility : Corn, oats, grain sorghums.

Education : National University Law School, LL. B. degree, 1933.

Experience : 1920-42—Southern Railway & Fruit Growers Express Co., traffic work perishable commodities ; 1942-45—supply officer, United States Navy, traffic, inventory management—surplus disposal ; 1945-47—Chief, Program Operations Division, Production Marketing Administration, Department of Agriculture ; 1947-50—Chief, Grain Storage Expansion Division, PMA ; 1950-52—Deputy Director, Transportation and Warehousing Division, PMA ; 1953-55—Staff Assistant, Commodity Disposal Division, CSS ; 1955 to present date—Office of General Sales Manager, CSS.

*Hayden J. Bennett, General Sales Manager's European representative stationed at The Hague, Netherlands*

Prior to Mr. Bennett's appointment in July 1957 he had experience both in business administration and agriculture. He owned and operated near Madison, Wis., one of the State's larger seed and vegetable farms, with sales activities extending throughout the Middle Western and Eastern States.

In his present position he is promoting the sale of surplus agricultural commodities in the European area.

*Brian T. Cunningham, direction and management of the General Sales Manager's representatives in New York City, San Francisco, and The Hague, Netherlands*

Employed by the Borden Co., New York, N. Y., from January 1931 to June 1937 in the wholesale distribution of dairy and poultry products ; advanced to branch manager. June 1937 opened own wholesale dairy and poultry products business in Brooklyn, N. Y. Business discontinued in March 1943 because of war conditions. First entered Government in March of 1943 as an analyst with the Office of Price Administration Dairy Division. In October 1944 transferred to USDA War Food Administration in charge of the sale of surplus dairy and poultry



products. On January 1, 1947, became associated with C. A. Swanson & Sons, Omaha, Nebr., as vice president and general manager of their Washington division. Returned to USDA in October of 1948 and opened a Northeast area office located in New York City for the Poultry Branch of the Production and Marketing Administration. In July 1950 returned to Washington and did field service work for Poultry Branch of the Production and Marketing Administration. In January 1952 appointed as Chief, Commodity Operations Division, Poultry Branch, responsible for purchase, distribution, and sale of poultry and poultry products. Under general reorganization of the Department, transferred in June of 1954 to Barter and Stockpiling Division of Commodity Stabilization Service as barter contract negotiator. Transferred to present position on April 29, 1957.

*Joseph Reidinger, General Sales Manager's New York representative stationed at New York City*

First entered Government in January 1942 as a clerk with USDA Federal Surplus Commodities Corporation, advancing to senior clerk, junior marketing specialist, marketing specialist, and administrative officer. From 1946 to June of 1953 Assistant Chief, Programs Operation Division, Production and Marketing Administration, New York City Commodity Office. From July 1953 to March 1954 director of transportation and storage for National Molasses Co., Orland, Pa. March 1954 to January 1955 assistant general freight agent, American Export Lines, New York City. Returned to USDA in January 1955 as administrative officer with Agricultural Marketing Administration, Food Distribution Division, directing the disposal for human consumption commodities acquired by the Government. Transferred to present position in September 1955.

*Ralph E. Spencer*

Name: Ralph E. Spencer. Age: 40.

Military status: Veteran; captain, United States Army Reserve.

Education: 1938-42, University of Utah, B. S. degree, social science; 1942-43 and summer 1947, Duke University, M. A. degree, economics; 1951-53, American University Graduate School, evening classes in economics.

Present position, January 1956 to present: Staff assistant and economist, Office of General Sales Manager, Commodity Stabilization Service, United States Department of Agriculture, Washington, D. C.

*Prior experience.—*

February 1955-January 1956: Chief of Trading Branch and commodity futures analyst, Commodity Exchange Authority, United States Department of Agriculture, Washington, D. C.

1953-55: Supervisory training officer and education advisor, United States Department of Defense, Fort Belvoir, Va.

1951-53: Economist, Food and Restaurant Division, Office of Price Stabilization, Washington, D. C.

1947-50: Instructor of economics, School of Business, University of Utah, Salt Lake City, Utah.

1947-50: Member and chairman, Utah State Veterans' Advisory Council, Salt Lake City, Utah.

March-December 1950: Economic and political liaison analyst for the late Senator Elbert D. Thomas of Utah, and political committees throughout the State of Utah.

1943-47: Price analyst, Office of Price Administration, Utah District Office.

1944-May 1946: Served in United States Army Air Force, Army Airways Communications System.

Summers of 1936 through 1942: Salesman and manager, 15-acre fruit farm, Salt Lake City, Utah.

*Peter B. Pauli, administrative officer*

Brief description of duties: Formulates sales and subsidy including pricing, programs, on soybeans, flaxseed, rice, and dry edible beans, in collaboration with trade and USDA agencies for approval of General Sales Manager. Develops procedures and controls for enforcement of CCC sale and subsidy contract provisions on all commodities in inventory.

*Background.—*

1955-58: Office of General Sales Manager, CSS (see above description).

1946-55: Marketing specialist, Grain Branch, PMA and Grain Division, CSS. Under general supervision, developed and administered purchase, setaside, price support, and sales programs.

1942-46: United States Army.

1941-42: Surplus Marketing Administration, United States Department of Agriculture. Organized Kansas and Missouri counties and conducted administrative surveys and compliance investigations under the food-stamp plan.

*Harry I. Dunkleberger, assistant to the General Sales Manager*

Education: AB, Stanford University; 2 years graduate study, Syracuse University; MS pending satisfaction thesis requirement.

Experience:

1930-44: Entered Federal service with United States Department of Agriculture, holding progressively responsible administrative management positions with Office of Personnel, the Agricultural Marketing Administration, and the Food Distribution Administration. As Chief of the Organization and Procedure Divisions of the latter two agencies directed work in organizing defense and wartime food procurement, supply and distribution programs and program procedures.

1946-50: Chief, Organization and Management Division, Production and Marketing Administration, United States Department of Agriculture, including direction of activities in connection with organization and management of programs of the Commodity Credit Corporation.

1950-53: Chief, Administrator's program staff, Production and Marketing Administration, United States Department of Agriculture, responsible for program policy development and coordination and interagency liaison including programs of the Commodity Credit Corporation.

1953-56: Senior regional public administration adviser for Latin America, Institute for Inter-American Affairs, Foreign Operations Administration (ICA), United States Department of State, serving overseas in Bolivia where duties included initial work in establishing United States economic aid program to Bolivia and as acting program officer with United States Operations Mission to Paraguay.

1956-58: Assistant to General Sales Manager, Commodity Stabilization Service, United States Department of Agriculture.

*Callan B. Duffy, General Sales Manager's west coast representative stationed at San Francisco, Calif.*

Has been with the Federal Government for approximately 22 years. During this period with the United States Department of Commerce, War Assets Administration, Bureau of National Affairs, War Production Board, and United States Department of Labor. Positions with these agencies have been in connection with market research, sales promotion, and labor relations. Transferred to this position from the Wage and Hour Division of the United States Department of Labor on July 29, 1957.

*Walter S. Greene, staff assistant to General Sales Manager*

Responsibility: Dairy products, tobacco, naval stores, honey, wool, fruits, fruit juices, vegetables, vegetable oils.

Education: New York State College, entomology, B. S. degree, 1929; George Washington University, endocrinology, M. S. degree, 1953.

Experience: April 1928-November 1928, USDA, California, Bureau of Entomology, field assistant; 1929, USDA, Nebraska, Bureau of Entomology, junior entomologist; 1930, USDA, Washington, D. C., Bureau of Biological Survey; 1931-37, USDA, Washington, D. C., Food and Drug Administration, microanalyst and dairy research; 1937, USDA, Denver, chemist, fruits and vegetables; 1938-39, USDA, Colorado, inspector, Food and Drug Administration; 1940-42, USDA, California, research on fish and vegetable products; 1942, USDA, Washington, D. C., fish marketing specialist, Livestock Division, War Food Administration; 1943, USDA, Washington, D. C., Livestock and Meat Division, Purchasing Branch, purchased cereal, fats, oils, and meats; 1944-46, United States Army, pathologist; 1946-48, USDA, Washington, D. C., Wool Division, PMA; 1949-57, USDA, Washington, D. C., Oils and Peanut Division, worked in Economic Analysis Branch, Field Operations Branch, and Procurement and Import Branch; 1957 to the present, USDA, Washington, D. C., Office of the General Sales Manager, CSS.

*Judson E. Evans, staff assistant, Office of General Sales Manager*

Commodity responsibilities: Wheat, barley, rye.

Experience: June 1956 to present, Office of General Sales Manager, Commodity Stabilization Service, United States Department of Agriculture. Pro-



gram development for sale of assigned commodities; August 1954-June 1956, grain marketing specialist, Grain Division, CSS, USDA. Attached to the International Wheat Agreement staff; August 1953-August 1954, agricultural marketing specialist attached to the New Orleans and Cincinnati commodity offices. Program work on assigned commodities; 1946-54, United States Department of Agriculture, program liaison officer. Administrative officer responsible for program development and liaison work in connection with shipment of agricultural commodities abroad; 1942-45, War Shipping Administration, Assistant Director, Transit Inventory Division. Program development and inventory accounting for lend-lease shipments abroad; 1938-42, United States Department of Agriculture, Federal Surplus Commodity Corporation. Served as purchasing agent for the Corporation and assisted in the development and execution of various purchase and shipment programs for surplus agricultural commodities; 1934-38, served in various administrative and other capacities in the Department of the Interior and Department of Agriculture; 1930-34, operated wholesale fruit and produce business.

Mr. MILLER. We have operated generally in the Office of the Sales Manager a program of selling agricultural commodities for export on a bid basis. We are required, of course, to sell on the domestic market at 105 percent of current support price plus carrying charges.

Mr. COOLEY. Except when the commodity is likely to deteriorate.

Mr. MILLER. Yes; in danger of going out of condition or likely to do so.

Those sales under that latter provision have been rather limited because we, contrary to what some people think, do not have a great deal of spoilage in commodities held by the Commodity Credit Corporation.

Up until July of this year we had operated on a bid basis for sale in export. The bids which we accepted were calculated to be at competitive world prices. They were not calculated to be a price-cutting device against other exporting countries throughout the world, but service against other exporting countries throughout the world, but certainly we intended to set our level of bids that would reflect competitive world prices in all agricultural commodities.

We felt we were quite successful. Mr. Raeder in a few moments will discuss it.

Mr. HAGEN. You offer a commodity for sale, do you specify a minimum bid in this or do you just reserve the right of rejection?

Mr. MILLER. It really is an offer-and-acceptance basis at competitive prices. We have what we call an upset price which we have determined in advance and that upset price is the price that we calculate is the competitive world price for that particular commodity. We sell and accept bids on all commodities (predetermined maximum quantities), that we will sell at that price.

Mr. POAGE. If you have no bid as high as that world price, would you accept any of them?

Mr. MILLER. No, sir, we would not. If they did not reach that upset price, we would not.

There may be some extenuating circumstances under which we would, but they would be so minor, Mr. Poage, that I cannot recall any.

We continued to sell agricultural commodities on that basis until we went on what was known as a payment in kind program for wheat. About 2 years ago we inaugurated this payment in kind program in the export sale of wheat in the United States. This was done at the suggestion of farm groups who reasoned that if we would contribute out of CCC stocks only that amount of wheat which would enable an

exporter to go into the market place in the United States and buy a quantity of wheat, and add this contributed amount of wheat to that which he had bought, to export the sum total of what he had bought on the domestic market and that which he had bought from CCC he could sell at competitive prices throughout the world.

Mr. POAGE. That must have worked well.

Mr. MILLER. This has been a generally successful program. The reason back of the institution of this program is quite valid, we think. This would place the more competitive purchasing power at the market place or at the farmer's market so to speak, especially for that quantity of wheat that was to be exported.

Mr. POAGE. How does it place it at the farmer's market?

Mr. MILLER. The exporter will have to go into the going market outside of CCC stocks to buy a given quantity of wheat he expects to export.

Mr. POAGE. He does not buy it from the farmer, does he, the exporter?

Mr. MILLER. He will buy that part he does not obtain from CCC.

Mr. POAGE. He can buy it from the market but he is not required to buy from the farmers. He is not going to go out in the country and buy it. He will buy it at terminals.

Mr. MILLER. That is right. The customary market place.

Mr. POAGE. When you used the term "at the farmer's market"——

Mr. SIMPSON. I would like to ask what effect our barter or trading in wheat through the Commodity Credit Corporation, how it has affected Canada and the Argentine in their ill will or good will toward us.

Mr. MILLER. I said a moment ago, Mr. Simpson, we were attempting to meet competitive world prices everywhere in the market place and yet not accept such bids as could be construed to be price cutting.

Mr. SIMPSON. Does your disposal of surplus wheat affect our relations with Canada or Argentina or any other large wheat-raising country?

Mr. MILLER. On the basis as outlined above I do not believe so. However, I think we are entitled to our share of the world market.

Mr. SIMPSON. I thought the money and exchange situation was one of the reasons President Eisenhower went to Canada.

Mr. MILLER. There were aspects of our barter program that I think caused more complaint than our outright sales and our subsidy in kind.

Mr. COOLEY. I cannot follow that line of reasoning to save my life because if you dump wheat or any commodity on a foreign market, it makes no difference how you dump it. If you dump it through barter it is dumped, or through local currency sales, it is dumped. I do not see that as an argument against barter. It may be a general objection to our program.

I will say this for the record. I think I have been just as interested in Public Law 480 and in the cash sale program as anybody else. I know that up until we passed Public Law 480 we had not heard a complaint or had not received a complaint from foreign governments. After we passed the bill I called a special meeting of the full committee and then, for the first time, a Member of Congress brought information to this committee to the effect that Argentina, Australia, New Zealand, Canada, perhaps, had been complaining.



Immediately following that man's appearance, we had some letters sent up here from the Department, I think State Department and Department of Agriculture, tending to corroborate what that Member of Congress had said.

I cannot follow the reasoning that was advanced in those letters that any country had a right to complain that we were giving away our surplus commodities to hungry people in the world. Certainly nobody could complain about that. I know it was not the intention of this Congress to interfere unduly with normal trade and during the hearings we did not receive a complaint from a single businessman in any way to the effect that these programs had interfered with his normal business transactions.

I simply make this observation about the barter program. I do not see how on earth anybody can object to it because for everything we bartered away we received something of value in return. We still have it. It has actually increased in value since we received it.

Mr. SIMPSON. I am not objecting to the program.

Mr. COOLEY. I did not mean to say you were.

Mr. SIMPSON. I want some information as to whether or not these other countries that are wheat raising countries and wheat is their economy, do they feel we are hurting them by doing what we are doing? I am looking for information.

Mr. MILLER. I will talk about barter in more detail.

Mr. COOLEY. I understood you to say you did not see how they could possibly complain of the way it has been handled.

Mr. MILLER. In the way we have carried on our sales program and barter conducted on a true barter basis I do not think there is a valid ground.

Mr. HAGEN. They complain of the subsidy program which creates the wheat in the first place creates the need for selling it at a Government loss, even though it is at the world price.

Mr. MILLER. That is probably their reason. I am not concerning my remarks at the present time with that side of it, even though it is one of the most important factors. I am addressing my remarks to the method we have used in disposing of our agricultural surpluses.

Mr. SIMPSON. I want to know when you dispose of wheat how does it affect in any way the International Wheat Agreement situation?

Mr. MILLER. I would prefer for Mr. Raeder to address his remarks to the sales under the International Wheat Agreement. We sell wheat under the International Wheat Agreement and we sell wheat in addition to and outside of the International Wheat Agreement.

Mr. SIMPSON. Are they all at different prices?

Mr. MILLER. All the same price.

Mr. SIMPSON. In other words, Commodity Credit disposing of surplus agricultural commodities, sale of wheat, is exactly the same as agreed to under the International Wheat Agreement?

Mr. MILLER. Yes.

Mr. SIMPSON. There should not be any disagreement on it.

Mr. MILLER. No, sir. We have not conducted any special sale program where we have priced one agricultural commodity under one program at one price and under another program at another price. It has been competitive world prices in all cases.

Mr. SIMPSON. If you sell at the same prices as any other country under the International Wheat Agreement, what is to prevent the country from buying surplus wheat from Canada or Argentina?

Mr. MILLER. They can.

Mr. SIMPSON. Do we give them an easier way to pay for it?

Mr. MILLER. We have a good way to sell and under the barter we accept other commodities in exchange for agricultural commodities in addition to the normal acquisitions of that country for dollars. We have a credit program under Export-Import Bank and CCC credit program. Restrictions on the latter are stringent. We have not moved a great deal but have moved some.

Mr. SIMPSON. Does that give us an advantage over Canada or Argentina or any wheat raising country on sale?

Mr. MILLER. I cannot say it gives an advantage. It is more convenient for the recipient countries to trade with us. If we have a credit program within reason, this may cause them to do business with us rather than the other country. This is normal business procedure. As long as you do not carry on price cutting dumping operations it is to be expected your sales should be at competitive prices, one which will enable you to sell as well as the other country. They have no better claim to the market than we have.

Mr. POAGE. Is it not true every bushel of wheat that goes out of the United States carries a subsidy of approximately 80 cents to 90 cents a bushel?

Mr. MILLER. On our subsidy in kind program, one bushel is paid out of CCC stocks, two bushels off the open market.

Mr. POAGE. About a third is subsidy?

Mr. MILLER. Yes.

Mr. POAGE. To put it another way, we have reduced the price to the foreign nations by approximately—

Mr. MILLER. No, sir. Let us say we have by that device enabled our producers to sell American wheat competitively with other countries.

Mr. POAGE. That is true that is the way we are doing it. I am not kicking about that. I want to know if I am not correct in saying no wheat is moving out of the United States except as a result of a subsidy that the United States Government is paying.

Mr. MILLER. That is correct. It takes a subsidy to make up the difference between world and domestic prices.

Mr. SIMPSON. Is it handled the same as cotton subsidy?

Mr. POAGE. Every bale of cotton going out of the United States moves with a subsidy from \$30 a bale upward; is that right?

Mr. MILLER. That is correct.

Mr. COOLEY. Mr. Chairman, may I make this observation? We heard all of this evidence on Public Law 480. We have heard the departments, I do not recall having heard a single man from any department express views in opposition to the barter program as it has been operated.

I remember Mr. Berger saying that he thought, and the officials of the Department thought, we could dispose of our surpluses through other programs and it would not be necessary to resort to barter programs, but that the barter programs were being continued only on a very limited basis. Is that not right?



Mr. MILLER. We are continuing the barter program, we are aggressively bartering to the fullest extent. We want to assure ourselves we are not going to displace our normal dollar sales.

Mr. COOLEY. Barter in itself is not looked upon as something evil, is it?

Mr. MILLER. No. Barter conducted without the restrictions that we placed on it a year ago last January, is not true barter. That is why we changed it.

Mr. COOLEY. This is not strictly a barter transaction, but right now we are building military housing in France and paying for it with surplus agricultural commodities. It is my opinion that is good business. Programs of that type should be emphasized and pushed.

Mr. MILLER. Generally speaking, Congressman Cooley, we have found where we have a bilateral agreement, where the agricultural commodity from this country goes to the country furnishing the materials, and where we have assured the agricultural commodities coming out of this country going into that country is over and above that which they have been paying dollars for, is a good type of barter. We look upon those favorably.

Mr. COOLEY. The legislation we reported, Public Law 480, authorizes the use of surplus commodities in the construction of buildings abroad.

Mr. MILLER. For military housing.

Mr. COOLEY. I cannot see any objection to that. We did adopt a provision to meet the objection of the Appropriations Committee, that all these transactions would have to be cleared by the Appropriations Committee. I have no objection to that and I do not believe any member of the committee has objection. They are the type of programs through which we receive dollar-for-dollar value in most instances. We get what we want in foreign countries and they get what they want from us. That is some sort of a barter. I do not suppose it is true barter.

Mr. POAGE. Mr. Miller, would you go far enough to agree with me that it is sound business for the United States to swap any perishable commodity—by that I mean even wheat or even cotton that we cannot retain forever—any commodity that will lose its value in time for any commodity that is of permanent value, such as minerals, ores, those things—

Mr. COOLEY. Buildings.

Mr. POAGE. Those things we can have a hundred years from now?

Mr. MILLER. I would rather have the good dollars but after we have gotten all the dollars we feel the good businessman can obtain—I mean CCC—that then we can take after that, after we have sold for dollars, then we can obtain these other commodities.

Mr. POAGE. You would agree that to the extent we can convert our perishable commodities into imperishable commodities that it is sound business?

Mr. MILLER. Up to a certain limitation.

Mr. POAGE. What limitation would you put on?

Mr. MILLER. That I would not be in position to say, because each material would present a different situation.

Mr. POAGE. My philosophy is if we have wheat, we know although they kept some in the pyramids for thousands of years that basically

wheat does not last but a few years, we can convert that into an ore, into a mineral that will be here 200 years from now, we have made a good trade.

Mr. MILLER. We have if we have it within a reasonable quantity.

Mr. POAGE. I am not putting a reasonable quantity on it. That is the point. I want to know why and where you draw that reasonable quantity line.

Mr. MILLER. If we obtain so much there would be no possibility of ever utilizing it that would be without reason.

Mr. POAGE. I agree with that. Can you conceive of any mineral product we use that we could obtain so much of it we would never use it?

Mr. MILLER. Yes.

Mr. POAGE. What?

Mr. MILLER. You could probably get to that extent on bauxite if you take it in unlimited quantities.

Mr. POAGE. Take bauxite, it is a splendid example. Do you assume we are going to haul in so much bauxite that we cannot use the aluminum from it over a thousand years?

Mr. MILLER. No, sir, because I think we will use reason in the amount we will take.

Mr. POAGE. I am not trying to put that limitation on it. I am saying can you physically carry in enough bauxite in the United States that you can conceive of stacking up so much that you could not use the aluminum out of it in the next thousand years.

Mr. MILLER. That is one that I am not going to be able to answer because I do not know how much aluminum we will use in a thousand years.

Mr. POAGE. No, and you do not know on any of the rest of the commodities. The only reason for limitation is a price reason, is it not?

Mr. MILLER. No. I do not follow you.

Mr. POAGE. It affects the market. Is that not the only reason for not bringing it in?

Mr. MILLER. No. I am at the present time, Congressman Poage, chairing an interdepartmental committee passing on the desirability of bartering for various materials that will be offered. We are not considering the dollar limitation or the price limitation. It might have some effect on it but it is not the deciding factor by any means. A great many factors make up the decision as to what commodities you will barter for and in what quantities.

Mr. COOLEY. You said you were the chairman of the interdepartmental committee?

Mr. MILLER. Yes, sir, the committee has just been reorganized.

Mr. POAGE. We have lots of iron ore in the United States.

Mr. MILLER. Yes, sir.

Mr. POAGE. But would it not be better for us to bring in iron ore, which is an irreplaceable commodity, than to hold onto cotton or wheat or corn—

Mr. COOLEY. Or tobacco.

Mr. POAGE. Or tobacco or peanuts or any other commodity that is replaceable year after year?

Mr. MILLER. Again that is a hard question to answer because I am not in position to know whether iron ore is going to be valuable in years to come or not. I presume it will.



Mr. POAGE. You know we can plant a new corn crop next year.

Mr. MILLER. Yes.

Mr. POAGE. And will grow 3 billion or more bushels next year, but you cannot plant a new iron crop. You cannot plant a new bauxite crop.

Mr. MILLER. That is right, but you can discover new sources. Let me go back and say this, and this is a personal opinion, Congressman Poage, that it is desirable to exchange those commodities that we now have in stock, but I would not want to get in the position of saying we are going to barter for them in the future in order to provide a market for agricultural commodities to be produced in the future just to acquire those materials because we may need them this year, next year, or a thousand years in advance.

Mr. POAGE. I am not asking you to barter for them for the present market. I am suggesting that once the United States has money invested, is it not better to convert that investment into a permanent investment rather than to keep it in goods that are deteriorating?

Mr. MILLER. Part of that permanent investment will be in dollars and then we will take the material.

Mr. POAGE. I do not want to belabor that point. Mr. Anfuso.

Mr. ANFUSO. Mr. Miller, did you know that former President Herbert Hoover had written a letter to the Secretary of Commerce just about the time that there was some change in your policy concerning barter in 1957?

Mr. MILLER. I am generally aware of it, yes, sir.

Mr. ANFUSO. Do you know the contents of that letter?

Mr. MILLER. Not in detail, no.

Mr. ANFUSO. You say you would rather have hard cash. Is it not a fact that through every barter transaction you are getting hard cash? Is not all the agriculture that is bought paid for by hard cash?

Mr. MILLER. You mean if CCC is reimbursed?

Mr. ANFUSO. Is not CCC paid by hard cash?

Mr. MILLER. Yes, sir, CCC is reimbursed by the Treasury of the United States for materials transferred to the national or supplemental stockpile.

Mr. ANFUSO. And is it not so that sometimes through the barter transaction such as we knew it prior to May 1957, when the program had been praised by President Eisenhower and Secretary Benson and Assistant Secretary Earl Butz, we were able to get strategic materials from smaller nations and were able to give those small nations dollars because those people who traded paid them in dollars, and as a result we built up their cash balances so that they were better able to trade with the United States and at the same time strengthen their economy?

Mr. MILLER. I fail to follow you when you say we got the materials out of the country and paid them in dollars and you also say we conducted a barter arrangement.

Mr. ANFUSO. Some of these nations from whom we got strategic materials prior to May 1957 were not buyers of our agricultural commodities because they had no cash.

Mr. MILLER. They sold to a third country.

Mr. ANFUSO. We, as middlemen, were able to buy those commodities for hard cash?

Mr. MILLER. That is right.

Mr. ANFUSO. And as a result of buying them for hard cash we strengthened the economy of those countries?

Mr. MILLER. Yes, sir.

Mr. ANFUSO. Would you regard President Hoover as being an authority on food disposal?

Mr. MILLER. I certainly would.

Mr. ANFUSO. Would you not say he is one of the best food disposal experts of our time?

Mr. MILLER. I would say so.

Mr. ANFUSO. And as an engineer would you not say he knows something about the value of nonferrous materials?

Mr. MILLER. Yes.

Mr. SIMPSON. Did he not also recommend 2 chickens in every pot and 2 cars in every garage?

Mr. ANFUSO. That part I am not buying.

Mr. Chairman, if I may I would like to offer this letter for the record.

Mr. POAGE. It will be included in the record, and we shall be glad to have you read it.

(The letter referred to follows:)

THE WALDORF-ASTORIA TOWERS,  
New York, N. Y., May 23, 1957.

HON. SINCLAIR WEEKS,  
*Secretary of Commerce,*  
*Department of Commerce, Washington, D. C.*

DEAR MR. SECRETARY: This is just a personal suggestion which may wash out on investigation.

This country has been genuinely devoted to systematic conservation of national resources for over 50 years. The purpose is to provide fundamental materials for our people 50 years hence. Many of these Federal agencies for this purpose are in your Department.

My suggestion is that your Department canvass the prospective resources of the United States in the nonferrous metals. In my view, there have been no consequential new districts discovered in the past 50 years; the ground has been well combed over and there is little prospect of consequential new districts being discovered; a good many districts have already been largely exhausted and those still producing are not likely to be in action 50 years hence.

All of which brings me to the possibility of trading the perishable surplus of food, costing huge amounts for storage, for an imperishable metal. The Department of Agriculture seems in difficulty with this policy as they are not in the metal conservation field.

The problems need a look at from this point of view.

Yours faithfully,

HERBERT HOOVER.

Mr. ANFUSO. This letter is dated May 23, 1957, and is addressed to the Honorable Sinclair Weeks, Secretary of Commerce, signed by former President Herbert Hoover and written from his offices in the Waldorf-Astoria Towers, New York City.

The letter reads:

DEAR MR. SECRETARY: This is just a personal suggestion which may wash out on investigation.

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All of which brings me to the possibility of trading the perishable surplus of food, costing huge amounts for storage, for an imperishable metal.

Which is exactly what Mr. Poage has been saying. (Continuing reading:)

The Department of Agriculture seems in difficulty with this policy as they are not in the metal conservation field.

The problems need a look at from this point of view.

I ask you, Mr. Miller, not as a representative of the Department of Agriculture but as an American and as a part of our Government, would you say that what former President Hoover has to say about the value of these strategic materials and trading them for these perishable commodities—would you not say that makes a lot of sense?

Mr. MILLER. I certainly agree, as I did a while ago with Congressman Poage, that we both mutually admire former President Hoover.

Mr. ANFUSO. I certainly admire your frankness that our program should not have affected our relationship with Canada, and at the present moment Canada is considering a Public Law 480 and is considering a barter arrangement in connection with it.

When you talk about obtaining so much we can never utilize it, your fear, I guess, is that we may procure a lot of these strategic materials we will never utilize; but if that is your fear, would you not take the opinion of this former President and engineer that for the next 50 years we will need these materials?

Mr. MILLER. I do not want to get in the position of saying I am recommending or saying the Department should take unlimited quantities of any one material.

Mr. POAGE. Let me ask you right there: The Department is not called upon to take and cannot take under Public Law 480 any kind of material unless the Committee of which you are Chairman or ODM, in the past, has determined there is a need. Is that not true?

Mr. MILLER. The Secretary is directed under title III of Public Law 480 to barter for materials which in his opinion is necessary in order to protect the assets of CCC.

Mr. POAGE. Yes, but the need for those strategic materials is determined either by ODM or your own Committee?

Mr. MILLER. The need for strategic materials is determined by ODM.

Mr. POAGE. And you determine the others?

Mr. MILLER. Yes.

Mr. POAGE. So there is no danger you will be bartering for something we do not need because somebody must make the decision, either you or ODM, that we do need the materials?

Mr. MILLER. That is right.

Mr. COOLEY. In these barter transactions, if you barter away \$1 million of agricultural commodities for strategic materials for which the CCC is paid in dollars, it is to the advantage of the farm program that you are collecting dollars rather than giving it away?

Mr. MILLER. When we talk about protecting normal sales, we are not talking about the possibility that CCC will not be reimbursed from the strategic stockpile. We are talking about from the common sense standpoint, protection of the Treasury of the United States.

Mr. COOLEY. I know, but, as Mr. Anfuso and Mr. Poage pointed out, other agencies of Government compensate CCC for the commodities.

Mr. MILLER. Yes. I am not primarily concerned with whether CCC will be reimbursed. I am more concerned with protecting the Treasury of the United States.

Mr. COOLEY. The other agencies of our Government certainly will not acquire huge quantities of materials they do not need or want?

Mr. MILLER. I would hope they would not.

Mr. COOLEY. So it is all a business transaction in the interest of the Government?

Mr. MILLER. I was discussing the feasibility and reasonableness.

Mr. SIMPSON. As I understand it, one of the purposes of Public Law 480, or the purpose, was to get rid of agricultural surplus commodities and to get rid of storage. If you take iron ore in exchange for wheat, who pays for the storage of the iron ore?

Mr. MILLER. GSA would have to pay the storage on the iron ore in the United States. Iron ore could be stored cheaper than wheat.

Mr. SIMPSON. Do you have any idea of the cost of the storage of each?

Mr. MILLER. No, I would not.

Mr. SIMPSON. I do not know either, but if you take iron ore in exchange for wheat you have to pay for the storage of the iron ore somewhere.

Mr. MILLER. It is generally stored in a storage area adjacent to a plant where it could be utilized.

Mr. SIMPSON. But somebody would have to pay rent on the storage area.

Mr. HAGEN. Mr. Chairman, may I ask a question at this point?

Mr. POAGE. Mr. Hagen.

Mr. HAGEN. Do you ever engage in a government-to-government barter transaction?

Mr. MILLER. Since I have been connected with the government we have not done so. There have been in the past some government-to-government transactions.

Mr. HAGEN. How long have you been with the Government?

Mr. MILLER. Five years.

Mr. HAGEN. For example, where the negotiations were conducted as between the United Kingdom and the United States Government to exchange bauxite for wheat?

Mr. MILLER. Mr. Rawlings can answer that.

Mr. RAWLINGS. There was a transaction in 1942 between our Government and Indonesia, during the war, for rubber. That was the only outright government-to-government transaction.

We have had a couple transactions, one with Turkey and we are working on one with India at the present time, where we will have an informal agreement between our governments that they will facilitate the export of the respective commodities and materials, but the transactions will be handled by private trade channels.

Mr. HAGEN. In the more recent history of barter transactions, do you have transactions where metal moves from one country and wheat to another, for example?

Mr. RAWLINGS. Yes, sir, but that is not the trend now. The trend is toward more bilateral transactions.



Mr. HAGEN. That is since you require this certificate of additionality and so forth?

Mr. RAWLINGS. Not necessarily.

Mr. HAGEN. What is the reason for the increase in these two-legged transactions?

Mr. RAWLINGS. Because it is believed that agricultural commodities moving under bilateral barter are much more likely to add to total United States exports of commodities.

Mr. HAGEN. Do these accumulations of supplies of metals tend to depress or increase the price of the metal produced domestically?

Mr. MILLER. There has been a great deal of controversy over that. It all depends on what measures are invoked to insure that material will remain in the supplemental stockpile. If it requires a joint resolution of Congress, it is looked upon as a protection.

I would rather Mr. Rawlings, again, would address himself to that. It depends on the stopgap put in to control the disposal of these materials.

Mr. HAGEN. The question was, Does the accumulation of foreign metals depress the price to domestic miners or increase the price?

Mr. RAWLINGS. We have not found that such an accumulation of foreign metals has depressed the price because the metals are put in the supplemental stockpile or strategic stockpile, and they are locked up. Also, we are careful not to acquire materials and minerals in such quantities as would increase the price to consumers. For instance, if we are dealing with chrome ore we take quantities from areas where it is more or less surplus rather than Detroit, for example.

Mr. HAGEN. They are all locked up under the same formula?

Mr. RAWLINGS. The strategic stockpile formula is a little different from the supplemental stockpile formula. Materials in the strategic stockpile are locked up. It requires 6-months' notice to Congress to dispose of them, but in case of an emergency the metals can be withdrawn from that stockpile. In the case of the supplemental stockpile it requires a joint resolution of Congress to take materials out.

Mr. HAGEN. One more question: Is not the big objection to these privately arranged barter transactions the fact that no one is in effect policing them for their effect on international relations whereas if it were a government-to-government transaction that would be an important factor from the outset?

Mr. MILLER. I presume if it were a government-to-government operation it could be controlled certainly more carefully than a private operation. I am thinking of price-cutting aspects.

I would like to develop something brought up by Congressman Anfuso. A moment ago we were talking, Congressman Anfuso, about a country that was a producer of metals that would not be a producer of the agricultural commodity, and you were talking about the desirability of that friendly country's economy being built up by their receiving cash for their materials and also the United States benefiting by disposal of surplus agricultural commodities. Those aspects are always considered, but therein lies one of the great dangers in the barter program, and with your permission I would like to explain it a little bit.

These bilateral agreements where the agricultural commodity goes in the country and materials come out are pretty easy to police. Where

you have an agricultural commodity going in a third country and the materials coming out of a second country, then you run into difficulty. Those agricultural commodities have to be sold somewhere on the world market. If they are permitted to go in the world market without policing, they can replace the dollar sales we are making in the third country. That is the reason for the requirement of the additionality certificate. We found we were conducting barter under those circumstances where the agricultural commodity was going into a third country in which we were enjoying a good volume of dollar sales and that many of these agricultural commodities were moving out and going to fill a contract for sales previously made.

Mr. HAGEN. In that connection, did you make any discovery that this barterer would make a better offer to the purchaser than the trader trading in normal stock? He makes a profit on the metal and might presumably be able to sell the agricultural commodity cheaper.

Mr. MILLER. I think it is a logical conclusion that if you had to move the agricultural commodity somewhere in the world and you had the ability to sell it at what price you wanted to sell it for, just so you got that required material back in the United States, you would have some leverage to work with.

Mr. HAGEN. Was it your opinion that some of these were wash sales?

Mr. MILLER. In some instances, enough to cause us to bring in our additionality clause.

Mr. ANFUSO. Are you not engaging in a great deal of speculation, either you or someone in your Department? You say these barter sales have interfered with cash sales. All the records before this committee indicate when barter sales went down, cash sales went down, and when barter sales went up, cash sales went up. Ever since May 1957 not only have barter sales been nullified, practically, having been reduced from \$1 billion to \$11 million, but your cash sales are going down, so you or somebody in your Department is engaging in speculation when you say barter sales have interfered with cash sales. I do not think the record substantiates that.

Mr. MILLER. I think it does.

Mr. ANFUSO. We have not time to go into that again, but there were charts introduced before this committee showing that whenever barter sales went up, cash sales went up, and whenever barter sales were reduced, cash sales were reduced.

Mr. MILLER. The world demand for agricultural commodities is the reason.

Mr. ANFUSO. I am going by the record.

Mr. MATTHEWS. Before we go further on this, Mr. Simpson a while ago brought up the matter of storage costs. I will ask our counsel, Mr. Heimbürger, to give us some information on that.

Mr. HEIMBURGER. We had a special study made of various things connected with the disposal program. That study was made by the Department last year, and up to December 31 of 1957, the Department's figures on this matter of storage costs showed that the commodities that had been received in exchange for the agricultural commodities shipped out under the barter program were being stored at a saving of \$103 million a year over the storage cost of the agricultural commodities which had been shipped out.



Mr. ANFUSO. Is it not true some of the strategic materials are stored without cost to the Government?

Mr. HEIMBURGER. I cannot answer that with any degree of certainty. I think it is true, but I could not give a specific example.

Mr. MATTHEWS. Mr. Mill has a question.

Mr. HILL. I would like to ask a question. The gentleman is familiar with the extension of Public Law 480 that this committee and the House has already passed?

Mr. MILLER. Yes.

Mr. HILL. And he is also familiar with, I suppose, the fact the Senate has passed that extension of Public Law 480, and that conferees will be in session, I hope, appointed from the House and the Senate, before long working out the differences.

The objection that the Department has made to this committee in regard to the expanding of the barter program, especially the House bill, where we tried to state or did state in a way or demand that more barter be attempted, is it your feeling that you can do this and expand this program without any reference to forced bartering?

Mr. MILLER. I agree with the statement that the Department is aggressively pursuing barter to the utmost. We are assuring our dollar sales will not be displaced first, and that these materials in addition to the strategic materials are of value to the Government and to the citizens of the United States, and I would be less than frank if I did not say we are looking with a great deal of favor toward bilateral agreements rather than the third party agreements because of the difficulties we have outlined.

Mr. COOLEY. What we have done in our extension of Public Law 480 is reaffirm our faith in the barter transactions and strengthen the Secretary's hand in that regard. There is no effort on our part to say he would have to transfer so many hundreds of thousand bales of cotton for any strategic materials. The whole business is left in the discretion of the Secretary, but it is saying again that we believe barter transactions are good. Certainly I do not see how we could fall out over that, because the Secretary is not given any more authority than he now has. We did put a limit beyond which he cannot go, and that is \$500 million in a certain length of time, and I have understood that was about the only question the Secretary had about our bill, but that should not be a question at all because it is just telling him to do what we had already told him to do.

Mr. MILLER. As I recall, the objection we had in our report on the bill was the fact that the legislation as passed by the House would require the Secretary to do bartering even where it would not protect the assets of the CCC.

Mr. COOLEY. That is what the original bill said. We said that he should use every means practicable.

Mr. MILLER. The thing the Secretary would not like to have happen is to place upon the Department the responsibility of having to do any amount of bartering as a requirement. The Department does not object to bartering within the discretion of the Secretary to protect the assets of CCC.

Mr. COOLEY. That is what the law contemplates. Is that not right, Mr. Heimburger?

Mr. HEIMBURGER. That is right. That is the whole point of it.

Mr. HILL. Mr. Chairman, that is the thing I had in mind. Our chairman, Mr. Cooley, has said time and time again that in no way were we forcing or compelling the Secretary to do a certain amount of bartering. I think the \$300 million mentioned in the bill was only a suggestion; am I correct? It is a matter of language rather than pressure, as I understand it.

Mr. COOLEY. The Secretary was very slow to embark upon the cotton program, which resulted in our having to pay a subsidy. He was slow about it, 2 or 3 years.

Finally, Congress directed him to proceed and he did proceed, but I do not see anything offensive about it.

Congress took the responsibility, if you engage in barter transactions and some result unfavorably, the Congress would be responsible. That is our purpose in reaffirming our faith in the barter transactions.

Mr. HILL. Let me say this. I just do not believe, speaking for myself only, that in a triple- or even a four-country deal we should feel we should not make them, because I am not convinced in my own mind that a triple-country deal would not be better than a straight deal with one country as long as you are sure it does not absorb dollar sales. When you say it absorbs dollar sales, you are telling me the salesmanship in the Department needs looking into.

Mr. MILLER. I think I said I would be less than frank if I said we did not look with more favor on straight bilateral agreements. I did not mean to suggest we were not going to consider four-country agreements. We are bartering at the present time on the basis of bilateral and trilateral agreements.

Mr. HILL. I agree you should have some manner of policing where your surplus agricultural products ultimately will land, but I still do not see that that would be any deterrent to your making a deal with third countries, because the third country might be more important than the direct sale.

Mr. MILLER. Let me give you an idea of what difficulties we have. A barter contractor can come in and say, "I will take 'X' quantity of agricultural commodities and within a specified period I agree to bring in from some other country these materials that are on your list."

He goes out and imports the "strategic or other materials." Before that period is over he is required to find a home for those agricultural commodities. He may put the agricultural commodities in a second or third country. We are doing that today. But I say it is easier to police and to know if we are displacing dollar sales if—

Mr. POAGE. What you are asking of that man is that he assure you that the country to which he will move those agricultural commodities will take them in addition to the dollar sales?

Mr. MILLER. Yes.

Mr. POAGE. The law says the Secretary must assure that sales under this act will not be unduly disruptive of normal markets. That is title I. So any time you make a 480 agreement with any country you must find they can take an additional amount of our agricultural commodities without disrupting the normal market.

Mr. MILLER. That is right.

Mr. POAGE. In the case of Israel you have found they can take more wheat flour.



Mr. MILLER. Yes.

Mr. POAGE. In the case of Iceland you have made a finding; in the case of Peru you have made a finding; and in the case of Spain you have made a similar finding.

If you have made these findings that they could take these commodities without disrupting the normal market, why should there be a requirement of an additional finding when John Jones comes here as a trader and asks that he be allowed to move wheat into Spain when you have already made that finding that Spain could use more wheat flour under title I?

Mr. MILLER. We are just requiring a certificate that they are going to maintain their dollar purchases and that any barter will be in addition to that.

Mr. POAGE. But you go to Spain and find they can use X tons of wheat without reducing the amount of wheat they are normally buying. What is the difference in making that finding as to the use for foreign currency and the barter for some mineral?

Mr. MILLER. There is no difference.

Mr. POAGE. You do not require any certificate of additionality in that case?

Mr. MILLER. It is in the agreement.

Mr. POAGE. I know it is in the agreement. You write it in the agreement. But you decide that what they state in the certificate is the truth?

Mr. MILLER. Yes; that is the same thing we require under barter.

Mr. POAGE. Why is not your general finding adequate and why do you object to getting something other than foreign currency? It seems to me we are better off to have the chrome or bauxite or iron ore than to have the pesetas.

Mr. MILLER. Let us talk about the additionality clause.

Mr. POAGE. But I say after you have found they can use additional American goods in addition to their normal requirements, why is it not better to let them get it through barter than foreign currency? All we are getting under title I is somebody's pretty picture on a lot of foreign currency.

Mr. COOLEY. That is the point we are trying to make. These strategic materials are of more use to us than the bundles of foreign currency.

Mr. POAGE. We can at least bring the metals home. We cannot even bring the foreign currency home.

Mr. ANFUSO. You introduced an amendment to the House bill, did you not?

Mr. POAGE. I did.

Mr. ANFUSO. Do you know about this Indian deal you have been trying to work out?

Mr. MILLER. Yes.

Mr. ANFUSO. How long has that been hanging fire?

Mr. MILLER. Four or 5 or 6 months. Six months, Mr. Rawlings says.

Mr. ANFUSO. Is not the difficulty with that the fact that they cannot sell any commodities to get the dollars to pay for the freight?

Mr. MILLER. I would rather Mr. Rawlings answer that question.

Mr. RAWLINGS. We have a man, the Deputy Director of the Barter and Stockpiling Division, in India now trying to work out the problems.

Mr. ANFUSO. Is that one of the problems?

Mr. RAWLINGS. Freight is always a problem because of the 50-50 law we have, but we are hopeful this can be worked out satisfactorily.

Mr. ANFUSO. You have been working on it 6 months and it may be another 6 months before you can complete a bilateral trade of that kind?

Mr. RAWLINGS. In the first place, the Indians have gone into it and come up with much more favorable terms. At first we were not too close together.

Mr. MILLER. This has been the most difficult one we have worked on.

Mr. ANFUSO. Let me say this with the utmost candor and frankness, there has been an awful lot of agreement here. I think every time we talk we seem to be in agreement. We say, for example, and you say, "Yes, we want bilateral agreements."

Then you say you want 3- or 4-country deals or multilateral deals. We seem to be in an awful lot of agreement about it, but as a matter of fact bartering is not being done. We say bartering should be done and you say bartering should be done?

Mr. MILLER. Yes, sir.

Mr. ANFUSO. How much bartering do you think we should do? Do you think one man in your Department should have the right to say, "We do not think we should do more than \$10 million"?

Mr. MILLER. I do not understand what you mean, one man in the Department or the Secretary of Agriculture?

Mr. COOLEY. We are talking about Mr. Berger, who said he stopped the barter transactions.

Mr. MILLER. He changed the regulations but he did not stop the barter transactions. I would like the record to show how much bartering we have done since we changed the regulations.

Mr. COOLEY. That is what we want to find out, how much you have done since May 1957. Mr. Berger was frank enough to say that in his opinion these transactions are interfering with normal trade. What Mr. Anfuso is saying is that one man should not have veto power over Congress.

What part does your committee play?

Mr. MILLER. They are recommending to the Secretary of Agriculture the advisability of acquiring various materials for which we can barter.

Mr. COOLEY. It looks to me that in view of this meeting this morning we have about cleared up our misunderstandings regarding the extension of Public Law 480 as passed by the House. From now on I do not see why there should be any controversy about any part of our bill.

Mr. MILLER. We think we have full authority to do the necessary bartering under the existing legislation. This proposed legislation restricts the Secretary of Agriculture in his ability to line out both his sales program for dollars, his barter and his credit program.



Mr. COOLEY. We think that you have that authority, too, but we are interested in seeing you exercise it.

Mr. MILLER. I would like for Mr. Rawlings to inform you how much barter we have done since the requirements were changed.

Mr. RAWLINGS. In fiscal year 1957 there was no transaction between May 27 and June 30. For all of fiscal year 1958, barter transactions totaled \$61.2 million.

We were rather slow the first 6 months of fiscal year 1958. We negotiated only \$5.6 million in barter contracts. During the last 6 months barter contracts negotiated totaled \$55.6 million.

Mr. COOLEY. It will take us 150 years to get rid of our surpluses at that rate.

Mr. MILLER. Since we have changed our regulations, and since the program is operating, and since the barter people understand what our provisions are, in 6 months' time we have done \$55.6 million worth. They have been accelerated within the last 2 or 3 months.

Mr. COOLEY. We have not restricted or limited the Secretary's authority in any respect.

Mr. MILLER. No, sir.

Mr. COOLEY. We have not done so in this new bill. We have given him additional authority, and we have conferred upon him the right to exercise his own sound judgment in the prosecution of those programs.

Mr. ANFUSO. I would just like to ask you this question: Do you think the Secretary of Agriculture would be doing a good job for the Department of Agriculture and for the country if he were able to move through barter the \$500 million surpluses a year?

Mr. MILLER. Any amount in unlimited quantities?

Mr. ANFUSO. The more he could do the better it would be for the country and the Department of Agriculture?

Mr. MILLER. In addition to that which he could sell, yes.

Mr. ANFUSO. We are saying that to a certain point we will do barter. I am not hiding behind this. Again, 1 man changes the will of the Congress by 1 edict.

Mr. MILLER. One man got us on true barter.

Mr. ANFUSO. This edict of May 1957 changed the will of the Congress because after that everything stopped. All we are doing is re-emphasizing what the original law was and we are saying—look, you say that you believe in barter, then do it. Do it to this extent, to the extent of \$500 million. If you think that is too much, do it to the extent of \$400 million, but do barter.

You come back and say that you have done \$55.6 million, and you think that is progress.

Mr. POAGE. May we get the record straight as to what we are going to put into the record? Will you break that \$55.6 million down as you did in the last fiscal year to show us how much was done after this committee had hearings on barter and after Mr. Berger came up here and discussed the matter with the committee, because I think that you are going to find that practically every bit of that \$55.6 million was done after this committee suggested the Department had stopped bartering. Can you give it to us by months? Maybe that would be the only effective way we can see it.

(The data referred to above are as follows:)

*Negotiated barter contracts for fiscal year July 1, 1957–June 30, 1958*

Month	Number	Value (in thousands)
1957–July.....	0	0
August.....	0	0
September.....	1	\$399
October.....	0	0
November.....	1	170
December.....	6	5,011
1958–January.....	11	8,233
February.....	5	2,023
March.....	4	12,728
April.....	6	3,574
May.....	11	17,501
June.....	5	11,560
Total.....	50	61,199

NOTE.—For insertion on p. 53, transcript of testimony on Aug. 18, 1958, before the House Committee on Agriculture, Subcommittee on Foreign Agricultural Relations.

Mr. COOLEY. We have before us a report from the White House, the semiannual report on the activities carried on under Public Law 480, and on page 46 I note this language:

Barter contracts negotiated during the January–June 1958 period totaled \$55.6 million. Barter exports of agricultural commodities from CCC inventories against outstanding contracts had an export market value of \$23.6 million in January–June 1958, in comparison with barter material deliveries to CCC of \$102 million in the same period.

Mr. POAGE. Less than 25 percent. Even so, I would like to see what happened at least in May and June. I do not think that it is necessary to go all the way back.

Mr. COOLEY. It further states:

The \$55.6 million in barter contracts negotiated in this reporting period compares with contracts totaling \$5.6 million for the previous reporting period and the average 6-month rate of \$145 million under the barter program during the period July 1954 through June 1957.

It shows that they picked up considerably.

Mr. POAGE. There is no question about that. I am not saying that I know the facts, but I have a feeling the record will show that even the \$55.6 million was down to \$5 million the previous 6 months, and we will find that it remained on the order of \$5 million until this committee held its meeting and suggested that we wanted the matter speeded up. We started the hearings in May, did we not?

Mr. COOLEY. Earlier than that, I believe.

Mr. MILLER. I am sorry the committee feels like barter was stopped.

Mr. POAGE. The testimony was that it was stopped, Mr. Miller. Mr. Berger did not make any bones about it. He was very frank about what he had done. He took a good deal of credit to himself for doing it.

Mr. MILLER. I think that we stopped the type of barter we were doing; yes. And with the institution of the new requirements, when we eliminated the free interest rate period, it was a new type of program we brought in compared to what we had been conducting. It took some time for barter contractors to get onto exactly what the requirements were. They slowly began to develop a program and to export more. I have no hesitancy in telling you that I am sure that as we progress that rate of barter will increase.



Mr. POAGE. When did you eliminate that free interest?

Mr. MILLER. When we made our May press announcement in May of 1957.

Mr. COOLEY. We had the hearings beginning May 5.

Mr. POAGE. That is what I thought. If you will give us what happened in May and June you will find out what effect the committee had on this.

Mr. COOLEY. We did not conclude the hearings until July 3.

Mr. GATHINGS. As I recall Mr. Berger's testimony before this committee, barter fell off to a trickle back in 1957.

Mr. MILLER. From the May 28 announcement.

Mr. GATHINGS. It was his purpose to protect the assets of the CCC.

Mr. MILLER. To protect the dollar sales.

Mr. GATHINGS. To protect the dollar sales of the CCC, and that is the reason he said before this committee that he was going to cut off these barter transactions. Is that the way you understood it?

Mr. MILLER. As we had been conducting them.

Mr. GATHINGS. What is the difference?

Mr. MILLER. We stated a moment ago when we had these barter exchanges in the absence of a requirement for additionality, a barter contractor could come in and propose to bring in materials from a country and take out agricultural commodities to go to that country, or some other country, just so he exported that quantity of agricultural commodities. He agreed within the period up to 2 years to bring those materials back in in exchange for agricultural commodities. He immediately lifted the agricultural commodity and qualified in getting them exported. We did not require him to show where they went. We did not have an additionality requirement. He could barter those as a part of the first sale made instead of a cash sale.

Mr. ANFUSO. He had to stick to the world agreement.

Mr. MILLER. There was no world agreement on cotton, rice, tobacco, or feed grains.

Mr. ANFUSO. He had to stick to the world agreement.

Mr. MILLER. We stayed within the International Wheat Agreement on wheat, and that is where your greatest quantity of material moved at first. But he had a right to lift those agricultural commodities and not compensate CCC until he brought the materials back into this country. In many instances it ran as long as 2 years.

Now, when you take out, say, \$10 million worth of agricultural commodities and wait 2 years to bring back in the material there is quite a bit of interest that accrues to somebody. That is one of the first things that we realized was happening under the barter program as conducted at that time. We immediately saw that an individual would have to either submit his material simultaneously with the lifting of the agricultural commodity, or pay CCC the interest because CCC was paying the interest to somebody.

Mr. ANFUSO. You have an interest requirement.

Mr. MILLER. That is one of the things we did in the May announcement.

Mr. ANFUSO. These people have not objected to that.

Mr. MILLER. That is one of the things that made them stop barter immediately after May 28.

Mr. ANFUSO. It was your requirement of getting a certificate of additionality, which was impossible to get.

Mr. MILLER. No, sir. They are getting it quite freely now—genuine additionality.

Mr. ANFUSO. On a direct contract.

Mr. MILLER. They get them on a tripartite arrangement also.

Mr. ANFUSO. The kind of deal that you have eliminated is the kind of deal where these men, through their own ingenuity and mind you, these are American businessmen and all they were getting was less than 1 percent commission from the Department——

Mr. MILLER. And an interest-free period on the amount of money.

Mr. ANFUSO. Through their own ingenuity they had to go to these countries like Ghana and Africa, countries that we need, countries that we need to help, and they took out their strategic material and gave them hard cash. These men gave them hard cash. We built up their treasury balances. We made them better friends of the United States and better buyers from the United States. Now, that 3- or 4-way deal you have eliminated. I ask you in all sincerity what was wrong with that kind of a deal?

Mr. MILLER. In many instances it was cotton and it would go to a country like the United Kingdom or Germany. They had plenty of hard cash then and that cotton was sold to that country first. That currency was transferred——

Mr. ANFUSO. It interfered with the cash sale?

Mr. MILLER. Yes.

Mr. ANFUSO. We have a provision in the law put in by Mr. Poage that if you could prove that a particular transaction interfered with a cash sale then that barter sale could not be made. You have that provision.

Mr. MILLER. That is what Mr. Berger did on May 28.

Mr. ANFUSO. Is that not your amendment, Mr. Poage?

Mr. POAGE. That is correct.

Mr. MILLER. That is what Mr. Berger did on May 28, 1957, when he put in his regulation.

Mr. COOLEY. We were told during these hearings back in May or June of 1958 that some transactions were being negotiated that involved Spain and France and the United States which contemplated the acquisition by Spain of certain rolling stock or locomotives or something of that kind from France which had already been put on order. Some of it had already been built. Spain had no way of obtaining equipment from France except through this triangular transaction. I remember talking to Mr. Mann, or Mr. Harrington from the State Department—I think he was before the committee—and I am wondering now why a transaction like that would bog down. If we need pesetas and Spain needs machinery and France needs cotton, why could not that transaction move on?

Mr. MILLER. It is perfectly good. It is a good deal if it does not displace the dollar sale.

Mr. COOLEY. That goes back to the triangular transactions that Mr. Hill mentioned and Mr. Anfuso has just discussed.

Mr. MILLER. They are good.

Mr. COOLEY. I cannot see why you do not go on with them.

Mr. MILLER. Providing that the agricultural commodities do not displace a dollar sale.



Mr. GATHINGS. I would just like to know what you plan to do in the future. After these lengthy hearings before this committee during the 2d session of the 85th Congress, and the voting out of this extension of Public Law 480, the report carries specific language in many places in which it says that it is the purpose and intent, not only of the Committee on Agriculture of the House of Representatives, but of the House of Representatives and the Congress itself, that the Department of Agriculture barter away some of these surpluses that are mounting and mounting and mounting higher all the time. It looks to me like we ought to be liberalizing our policies in the Department in order to move more commodities because in 1958 it is estimated that we are going to have the greatest production ever of these various and sundry commodities that are now swelling our warehouses.

Mr. MILLER. We have that objective, too. We are bartering more and more and we are accelerating. After the May 28 announcement, barter did drop to a trickle. It is starting back up again. We are trying to do as much good barter as we can.

Mr. ANFUSO. Would you say that our hearings resulted in doing that? Would you say that all this happened after Mr. Berger appeared before the committee? Would you say we helped you, or encouraged you to go on with this extra bartering?

Mr. MILLER. I think that everyone encouraged us.

Mr. ANFUSO. All we want to do by this law is to encourage you some more.

Mr. GATHINGS. The committee report now puts the shoe on the other foot and says that it is protecting the assets of the CCC to barter these subsidies.

Mr. MILLER. That is where we have the objection. We think we have full authority to do so now.

Mr. GATHINGS. You have objection to what? That is what I want to know.

Mr. MILLER. The requirement in order to protect the assets of the CCC that we conduct barter up to \$500 million.

Mr. COOLEY. That was in the original law and the complaint was made by the Department that we had not included that in the last law we passed, but in the original law, and I think we should have Mr. Heimburger cite the language. I will have the language read in a minute. You seem to be complaining about it now. That is the very thing that the Department wanted in there.

Mr. MILLER. We feel that the language in Public Law 480 now authorizing barter is all the language necessary for the Secretary.

Mr. COOLEY. We have not added anything to that.

Mr. GATHINGS. The interpretation of that language has been found.

Mr. COOLEY. Mr. Heimburger, will you cite the language in the original Public Law 480 act which was to the effect that the Secretary, to protect the assets of the CCC, should do so and so?

Mr. HEIMBURGER. Yes.

Mr. HARVEY. While he is looking that up I will say that I have listened very carefully and it seems that the area of agreement is not in the principle involved, and apparently neither is it now with regard to the safeguards that have been added. You have no objection to the safeguards that they have inaugurated. Apparently the Secre-

tary is objecting to the committee setting a benchmark. Is that not it?

Mr. MILLER. We feel that the proposed legislation requires us to do \$500 million worth of barter before we start out on any other type of program.

Mr. HARVEY. Wait a minute. Let us get that straight. From all of this discussion I have not gathered that that particular interpretation was placed upon this benchmark. Certainly in my book there was no interpretation of that kind at all. It was rather in terms of our thinking a ceiling.

Mr. GATHINGS. That is right.

Mr. HARVEY. It could only be a target to shoot at, but that it required him to do \$500 million of barter before he could do anything else is entirely a new thing to me.

Mr. MILLER. That is the interpretation we have, that I have personally, and I think that is Mr. Berger's interpretation.

Mr. POAGE. I think that is an erroneous interpretation as far as I am concerned. We never intended to place such an interpretation on the law. We never wrote anything like that in there. I thought you would be satisfied with the proposal that I suggested and that Mr. Anfuso has referred to 2 or 3 times, that in any case where the Department thought that a trade would not result in additionality you could require proof that it would. I thought that protected your position completely.

Mr. MILLER. It does?

Mr. POAGE. That is what we have in here, so why are we arguing about this thing? That is exactly what we are offering you. We are telling you that if you have any evidence that it would result in displacing a dollar sale you can then require evidence to the contrary. But we are telling you not to go out here and make it a general practice to place the burden upon the other fellow. What your Department is doing is simply reversing the burden of proof as we see it. As I see it, you are just placing the burden of proof on every individual when it is not necessary and we are saying if there is any reason for requiring proof, get it, but we are saying just do not go out here and stop these transactions on the assumption they are all going to interfere with trade as you admit you have done. Mr. Berger admitted it more strongly than you, but from your testimony it appears you admit you stopped all multilateral bargaining.

Mr. MILLER. We stopped bargaining as we were doing it prior to May 28. We have not stopped multilateral bargaining.

Mr. POAGE. Now, you have not stopped the bilaterals, but you have stopped all the multilaterals.

Mr. MILLER. No, sir, we have not. I sign every day some of the type of contracts that I explained to you a moment ago, the bilateral arrangements.

Mr. POAGE. I know that you are signing the bilateral arrangements.

Mr. MILLER. I should have said multilateral.

Mr. POAGE. I am saying that you stopped the multilateral arrangements.

Mr. MILLER. We are doing that. We permit a contractor at the present time to come in here and lift the agricultural commodity and agree to move that in a country that is a friendly country to the United



States. We are permitting that at the present time. We look with more favor on bilateral arrangements.

Mr. GATHINGS. From the evidence given here this morning it appears to me that your committee, Mr. Poage, should probe further into this thing. I do not think that we are getting the right answers from the Department. Mr. Berger is not here and the Secretary is not here. It looks to me like this committee ought to be active and follow through so that the will of Congress may be carried out.

Mr. POAGE. That is why we are having this hearing this morning and why we expect to have further hearings—to go into these very things. Mr. Miller is not responsible for Mr. Berger not being here.

Mr. MILLER. He had a cotton meeting this morning.

Mr. HEIMBURGER. I have the language now.

Mr. COOLEY. Let us hear the language.

Mr. HEIMBURGER. In the original section 303 of Public Law 480 there is this language:

Whenever the Secretary has reason to believe that in addition to other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation there may be opportunity to protect the funds and the assets of the Commodity Credit Corporation by barter or exchange of such agricultural commodities for strategic materials entailing less risk of loss through deterioration or storage \* \* \*, and he is hereby directed to use every practical means of cooperation with other Government agencies to arrange and make through private trade channels such barter or exchanges.

Now, that language was intended to mean what the language in our present bill is intended to mean—a finding that the funds and assets of the corporation will be protected by this kind of a barter transaction, and it was so interpreted by the department up until early 1957 when they suddenly decided that this conferred upon the Secretary a discretionary authority to determine whether or not barter protected the funds and assets of the corporation, which I submit, Mr. Chairman, was never the intention of Congress when it wrote this particular provision in Public Law 480.

Mr. COOLEY. Is there anything in our report on Public Law 480 to indicate that Congress, or this committee, intended to say that the Secretary must barter \$500 million worth of surplus agricultural commodities before it could engage in any other transaction?

Mr. HEIMBURGER. Not that I know of.

Mr. COOLEY. Not a word?

Mr. MILLER. Could we have Mr. Heimburger read the present act?

Mr. COOLEY. The one that we passed the other day.

Mr. HEIMBURGER. I would be very happy to if I have your permission.

The Secretary is directed, to the maximum extent practicable within the limits of this section, to barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) strategic materials or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs.

Mr. MILLER. In the first one I interpreted the Secretary has discretionary authority when he believes it is in the best interest of CCC, and in the second it says he is directed.

Mr. POAGE. "As far as practicable and within the limits." Certainly "within the limits" must mean the \$500 million is a limitation and not a floor; else, we would not have said "within the limits." I think that in itself makes it clear that it is a ceiling beyond which he cannot go.

Mr. COOLEY. All of the legislative history indicates you are exactly right because in the debate on the floor that was fully developed.

Mr. ANFUSO. We are fortunate enough today to have here a contractor who is asking permission, in the presence of Mr. Miller, to testify to what has happened since May 1957.

Mr. POAGE. Unfortunately, he will have to testify at some later date because the committee will have to adjourn. The Speaker has requested every member to be on the floor at 12 o'clock.

Mr. GATHINGS. I would just like to ask whether or not you anticipate going into the dollar allocations of these various commodities.

Mr. POAGE. Yes, we do.

Mr. GATHINGS. That is the most important feature, as well as barter. I am very vitally interested in how you allocate these funds and what you anticipate doing in the future with respect to allocating the funds.

Mr. POAGE. We will adjourn to meet at 10 o'clock in the morning.

(Whereupon, at 12 o'clock, the committee adjourned to meet the following day, Tuesday, August 19, 1958, at 10 a. m.)



## PROGRAM OPERATIONS OF PUBLIC LAW 480

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TUESDAY, AUGUST 19, 1958

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON FOREIGN AGRICULTURAL  
OPERATIONS OF THE COMMITTEE ON AGRICULTURE,  
*Washington, D. C.*

The subcommittee met, pursuant to call, at 10 a. m., in room 1310, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Department of Agriculture: Marvin L. McLain, Assistant Secretary for Agricultural Stabilization; Walter C. Berger, Administrator, and Clarence L. Miller, Associate Administrator, Commodity Stabilization Service; Edward M. Shulman, Office of the General Counsel.

Mr. POAGE. The committee will please come to order.

We have Assistant Secretary McLain, and Mr. Berger with us today. We would like to go into some of the matters of how we are conducting our sales of surplus agricultural commodities.

Mr. McLain, would you come up and bring whoever you like with you.

Yesterday Mr. Miller gave us an explanation of the attitude of the Department on the matter of barter. He gave us detailed information which was very helpful. I think today it would be especially helpful if we could get a clear outline of just how the Department goes about disposing of the agricultural surpluses and what the individual needs to do to participate in this business.

We know the Government does not want to monopolize the business. Chairman Cooley was asking a question which we did not get around to: What a businessman should do in order to participate in this export business of surplus commodities.

I wonder if you would give us an outline of how you proceed, and then we will determine how far we want to pursue that subject.

Mr. McLAIN. Mr. Poage, Mr. Berger here is in charge of these activities. I would like to say before I turn it over to him that I think the record indicates in the last couple of years, particularly since we have had Public Law 480 and since we have had a sales department within the organization, that we have made tremendous strides in moving surplus commodities. I think the record also shows that, at the insistence partially of you and your chairman and on the Senate side particularly of Senator Aiken, Senator Ellender, and Senator Humphrey, and others we have moved in the direction of trying to channel our exports out of the free market with subsidy-in-kind programs. We have done this with wheat. We started that a couple of years ago. It has been very popular with wheat growers as well as the people who handle wheat, including the exporters.

We later moved into corn, feed grains, and cotton, and we are currently reviewing such a program for rice.

Of course, the big advantage of this, as we visualize it, is that it does two things. It puts the operation back primarily in the free market, where I think everybody agrees it ought to be and where even the charter of the Commodity Credit Corporation Act says it should be, and, too, it puts some buoyancy into the market price for farmers, which in our judgment is very important.

Since this change in operations went into effect, of course the big end of the export of wheat, for instance, has come out of the free market, which means very simply that all we do is set the subsidy rate each day and the exporter or the fellow interested in moving the wheat goes in to the free market and buys it. He knows exactly at the close of the market each day what the subsidy is to be, and he proceeds to operate on that basis.

I am sure you are all familiar with the fact that the subsidy we pay is not paid in cash but it is paid in kind. This we preserve in the operation in order to handle our inventory management because obviously, with the tremendous stocks we have, we must have some leeway to move stocks out of our hands occasionally because of deterioration or because of needing change of location and because of storage problems. We have had very little complaint about the operations. It has worked marvelously, first of all, because people on the Hill thought it ought to move this way; second, the cooperation of the trade itself; and, third, the willingness of the Secretary and others in the Department to proceed vigorously on this basis because we think it is right and better for everybody.

Mr. POAGE. You are applying that to wheat, corn, feed grains, and cotton. Anything else?

Mr. McLAIN. We are discussing the possibility of applying it to rice. We have not moved on it on rice.

Mr. POAGE. Rice is not now moving under the subsidy-in-kind program?

Mr. McLAIN. That is correct, nor are oil seeds, I think, to be accurate. They are the only other ones I think of that are not.

Mr. BERGER. We have not had any problem in oil seeds. We are keeping that out of the way.

Mr. POAGE. How are you moving rice?

Mr. COOLEY. You are not really moving it, are you?

Mr. MILLER. I think compared to the inventory and the total production of rice, the record has been about as good for rice as any commodity. You can indicate here, Walt, the method that you use. Currently, as I say, we are in process of reviewing with the trade itself whether we could move in the subsidy-in-kind direction.

Mr. BERGER. I think, Mr. McLain and Mr. Chairman, rice is one commodity in which the Department has obtained the greatest benefit from the title I programs of any particular commodity I know of. The title I programs under Public Law 480 have been our greatest source of sales for rice.

Mr. POAGE. You are talking about in exchange for foreign currency?

Mr. BERGER. That is correct, Mr. Chairman. I think that particular commodity has had more benefit from the title I, 480, program than any other particular commodity. Of course, the delay we have had



on 480 is holding us up some on some commitments that we would like to have had up to the present time on rice as far as that is concerned.

Mr. POAGE. You said the delays we have had on 480. What kind of delays have we had on 480? You mean in the passage of the law?

Mr. BERGER. That is correct.

Mr. POAGE. You mean since the 1st of July?

Mr. BERGER. No; even prior to that. In the Senate version of the 480 bill there was an extra half billion which could be used up to July 1. That, of course, has gone by the way.

Mr. POAGE. You never did exhaust the money you had available, though, did you?

Mr. BERGER. You will have to talk to somebody from FAS.

Mr. POAGE. You never did exhaust the authority to use foreign currency, did you?

Mr. BERGER. I am not in FAS. Somebody from FAS should answer this particular question. I think there are people here who could answer it. It is my understanding that the delay merely kept them from going ahead and programing more of it so there would be a continuity.

Mr. POAGE. A delay in making new contracts. Let us get that answered if there is anyone here who can answer it. Did the Department exhaust their authority to purchase for foreign currency prior to the 1st day of July?

Mr. COOLEY. The last information we had was to the effect that they had about \$200 million.

Mr. PATRICK M. O'LEARY (Assistant Administrator, Foreign Agricultural Service). No, sir, Mr. Chairman. All of the available title I authorization was committed by June 30, with the exception of somewhere between \$25 million and \$30 million. This is no more than a safe reserve to have because of the fact that the authorization is in terms of CCC cost and these costs fluctuate. I would not feel comfortable with less than this much as a reserve. As a matter of fact, the amount committed was in excess of the authorization. Because of the reimbursement procedure, something over \$4 million in excess of the \$4 billion authorization was committed, and there was left about \$30 million, something less, perhaps, which I feel was no more than an adequate reserve to have.

Mr. POAGE. You say you feel the \$30 million is needed for the reserve. You cannot have any obligations under 480 except those you entered into, can you?

Mr. O'LEARY. Yes, sir. The commitments are made in terms of market value. In other words, if they spend, say, \$10 million agreed for wheat, depending on what happens to the market price and the quantities that they are able to purchase with that, the CCC cost which is charged against the authorization may go up or may go down. If it goes up, we would be in excess of our authorization unless we had some reserve to cover the increase in CCC cost above what we originally estimated.

Mr. POAGE. I do not know that I quite follow it. If you make an agreement with Brazil to supply \$30 million worth of wheat, and the agreement is to supply them with \$30 million worth, of course they pay in cruzeiros at a fixed rate of exchange usually. Although sometimes some of those early contracts were not fixed, I understand now all your contracts are fixed rate.

Mr. O'LEARY. It is usually the general import rate, sir, which may fluctuate from day to day. The problem we have is that when we program \$10 million worth of wheat, this means that that country can buy \$10 million worth of wheat at the market price in this country. This wheat is charged against the congressional authorization at CCC investment cost, not at the market price. So, at the time we make the program we estimate that they can buy X million bushels of wheat, and at that time we estimate what the CCC cost will be, let us say, \$2.12 a bushel which is charged against the authorization.

Mr. POAGE. You do not subsidize that wheat at that time.

Mr. O'LEARY. No, sir. Suppose then that the market prices goes down, Mr. Poage. They will buy more than the X million bushels of wheat because they buy their \$10 million worth. Each extra bushel they buy because the market price goes down is that much more per bushel of CCC cost which is charged against the authorization.

Mr. POAGE. Why can you not set aside the necessary number of bushels of wheat the day you enter into a contract with somebody to sell a certain amount of wheat in a new area and contract to sell them a certain amount? Why do you not set that wheat aside again and immediately charge the CCC with that much wheat?

Mr. O'LEARY. We are not in a position to set the wheat aside. They buy the wheat in the open market. Depending on when they buy it and what the market price is on the day they purchase it, the number of bushels they buy will be determined. That number of bushels will determine the CCC cost.

Mr. POAGE. I think I follow you now. You do not put any dollar limit on the value of the commodity that you are selling. You just tell these people that they can go in the market and buy all they can buy for a certain amount.

Mr. O'LEARY. Yes, sir.

Mr. POAGE. It is not a certain number of bushels?

Mr. O'LEARY. No, sir. It is a certain number of dollars.

Mr. POAGE. All of your early agreements were for a certain number of bushels, were they not?

Mr. O'LEARY. Only one, sir—the Turkish agreement, which was on a quantity basis. This is not a very practical method of operating against a dollar authorization. All the rest of the agreements have been on a dollar basis.

Mr. POAGE. Go ahead.

Mr. COOLEY. May I ask a question or two?

I should like to know to what extent tobacco has participated in all of these export programs. I look at the information I have before me, and the total inventories of burley tobacco now in the hands of the CCC is \$12,320,000. Is that about right?

Mr. JENNINGS. Will the gentleman yield here for a question? Do you consider these to be the loans you have to stabilize local cooperatives? You actually do not have any. The CCC actually does not own any tobacco as such, does it?

Mr. MILLER. Only small quantities have they ever owned, and that was where the cooperatives were not able to handle particular types of tobacco.

Mr. JENNINGS. Right now, the CCC does not actually own any tobacco as such. They have merely made loans to the co-ops.



Mr. MILLER. If we do, it is in very small quantities.

Mr. COOLEY. That is what I am trying to bring out. This statement of August 6, 1958, USDA Commodity Credit Corporation Report of Price Support Commodities, shows that you have only \$12,320,000 invested in burley tobacco.

Mr. MILLER. That, Mr. Cooley, is part of this Tennessee Burley Association at the present time. If that is burley tobacco, then that includes the tobacco which is in controversy in Tennessee and the co-operative association.

Mr. COOLEY. From this sheet, the Department has nothing actually invested in flue-cured tobacco in our area.

Mr. MILLER. No, sir. That is correct.

Mr. COOLEY. You do have flue-cured tobacco loans.

Mr. MILLER. That is correct, about 500 million pounds, as I recall; burley, about 290 million at the present time.

Mr. WATTS. Would the chairman yield for a second?

That \$12 million you are talking about in Tennessee is on loan, is it not?

Mr. MILLER. We are in the process of taking that over.

Mr. WATTS. You have not actually taken it over, have you?

Mr. MILLER. We have started a replevin action on it at the present time.

Mr. WATTS. The last I heard of it, you took it over to the Kentucky burley tobacco.

Mr. MILLER. We were unable to get title to that tobacco in order to turn it over. So we have had to bring a replevin action.

Mr. WATTS. A foreclosure lien.

Mr. MILLER. Yes, sir.

Mr. WATTS. In other words, the only reason the Government owns any burley tobacco is because certain fellows would not live up to what the Government thought was their contract.

Mr. MILLER. That is what our lawyers tell us; yes, sir.

Mr. COOLEY. Going back to flue-cured tobacco, is it a fact or is it not a fact that today the Government has not sustained any substantial losses or any losses at all on flue-cured tobacco?

Mr. MILLER. On that portion. The associations handling the loan agreement, namely, the stabilization in flue-cured tobacco, have not sustained any losses on tobaccos that they have sold so far. That would be a correct statement.

Mr. COOLEY. To sum it up, the taxpayers have not lost any money on the flue-cured tobacco program up to now?

Mr. MILLER. On that portion which has been sold, that is right.

Mr. COOLEY. You have a liability because you are underwriting these loans.

Mr. MILLER. We still have 500 million pounds of flue-cured tobacco, approximately, under loan at the present time.

Mr. COOLEY. A total of about \$355 million.

Mr. MILLER. Approximately that, yes, sir.

Mr. COOLEY. That brings me to this question. In the desperate plight that the wheat farmer, the cotton farmer, and others have found themselves, you have subsidized the exports of wheat, cotton, and some other commodities. The information I have is to the effect that 80 percent of the CCC investments are in 3 commodities—corn,

wheat, and cotton—and 75 percent of all your investments are in two commodities—wheat and corn. Is that about right?

Mr. MILLER. I would say that is correct, yes, sir.

Mr. COOLEY. Is it entirely fair to the tobacco program in relation to other programs like wheat and corn and cotton not to export some of our tobacco in order to move it out into the world market?

Mr. MILLER. Tobacco is essentially different from the others, Mr. Cooley. I would say the first thing that sets it apart is that the producers and the tobacco industry itself have never for one moment thought that there should be a subsidy on the export of burley tobacco or flue-cured tobacco, that I know of.

Mr. COOLEY. I know. I am proud of the fact that they have operated their ventures and corporations in a business-like manner. They take pride in the fact that they have not sustained any losses. The fact is that we have accumulated a surplus. If we are to hold on to our world market and at the same time support prices at home, it seems to me it is only reasonable for us to expect some of our tobacco to move in the world market under the subsidy program.

Mr. MILLER. Tobacco does have the benefit of 90 percent of parity where the other commodities do not have.

Mr. COOLEY. It is the only commodity in this country that is taxed, and it produces about \$2 billion revenue.

Mr. POAGE. May I point out in that connection that cotton takes about as much cut in acreage or more than any other commodity, according to its size. If you take these cuts in acreage, you should maintain your sales price at a higher level. Unquestionably the only reason you have been able to maintain that price is because you have taken a cut in acreage. If you had done no more than some of the uncontrolled crops have done, you would not be getting 15 cents for your tobacco, I should think.

Mr. COOLEY. That is exactly right.

Mr. MILLER. At the present time, I think it is safe to say that we have been able to maintain the high domestic price because we have reduced the acres. I shall not get into the merits of whether the total income has been increased or decreased, but I think that is a fair statement to make.

Mr. POAGE. Mr. Miller, our chairman here has pointed out that two crops, wheat and corn, account for about three-fourths of our total inventory investment at the present time, but that does not represent a fair comparison of the losses on these crops, does it?

Mr. MILLER. No.

Mr. COOLEY. What percentage of losses have been sustained on the crops we are talking about? You have lost a tremendous amount on wheat.

Mr. MILLER. Yes.

Mr. COOLEY. You have lost a large amount on corn, have you not?

Mr. BERGER. No. The losses on corn have not been anywhere near as heavy as they have been in wheat.

Mr. COOLEY. No, but you have lost a substantial amount on corn, have you not?

Mr. BERGER. We have lost some money on corn. We have also lost it on sorghum grains, barley, and oats.

Mr. POAGE. Where have your biggest losses been?

Mr. McLAIN. Dairy products.



Mr. BERGER. Dairy products, and then wheat.

Mr. POAGE. The total losses have been greater on uncontrolled crops than they have been on any of the controlled crops.

Mr. MATTHEWS. Mr. Chairman, will you yield there?

If I may, I would like to go back to the line of questioning Chairman Cooley brought up a while ago. Could you tell me, say this last year, how many pounds of tobacco have been exported under this program? Is this figure of 44 million pounds—

Mr. MILLER. Under Public Law 480, Mr. Matthews? Yes, Mr. O'Leary can give us the answer to that question. I would say that is approximately correct.

Mr. O'LEARY. We have programed \$142 million worth—

Mr. MATTHEWS. In just 1 year's time, \$142 million?

Mr. O'LEARY. It is 202,258,000 pounds.

Mr. MATTHEWS. Is that one year?

Mr. O'LEARY. No, sir. That is since the beginning.

Mr. MATTHEWS. Since the beginning of Public Law 480?

Mr. O'LEARY. Yes, sir.

Mr. MATTHEWS. I do not imagine you gentlemen can answer that question for this probably would come in some other department, but I might ask you to hazard a guess. At home my farmers keep telling me the trouble with their flue-cured tobacco, among other things, is that under various foreign aid programs we are training people across the seas to grow this flue-cured tobacco, and today they are capturing the world market, that we are losing the world market.

Would you hazard any opinion, Mr. Miller, as to that statement? What, in your opinion, is the effect of these foreign aid programs, technical assistance programs, on the foreign trade market of our tobacco?

Mr. MILLER. I do not know to what extent ICA or other agencies, or Foreign Aid programs have developed tobacco culture in foreign countries, but by and large most of the present-day expansion is being occasioned by private industry. There are a great many people from the University of North Carolina—graduates, young men—and the University of Kentucky and other agricultural colleges that have been employed by the British-American Tobacco Co. in particular. These men, with their knowledge of cultural practices and tobacco have been sent to foreign countries.

Mr. POAGE. Do you think they show this?

Mr. MILLER. They certainly do. They show their knowledge and know-how, Congressman Poage. They have been installed in these foreign countries working for British-American. I think it is safe to say they are the biggest ones engaged in this activity at the present time in developing that type of tobacco in foreign countries. There is a very good reason and explanation as to why they are able to do that.

As one Japanese told me about 4 or 5 months ago, he did not have to reduce the price of the tobacco he was selling very much below that of the United States. Just 1 cent and you could sell it.

Our pricing structure at the present time is, no doubt about it, something which has placed an umbrella over the activities of these companies that we are talking about now and it has provided them with a stability of market where the producer in a foreign country

has only a fraction less indirect support than our American producer has for that market in that foreign country.

Mr. COOLEY. That brings me to the point I tried to make a moment ago.

Why would it not be to the interest of the American taxpayer and the foreign country to meet that proposition and bring the price down, even if you do sustain some losses?

My idea is that you can justify sustaining losses on tobacco better than you can on any other commodity because it is such a revenue-producing commodity.

Mr. MILLER. The tobacco farmer, Mr. Cooley, has always said that his program has not cost the taxpayer any money. That is the claim that he has extolled and the justification for 90-percent parity. That feeling still permeates the tobacco growers' mind and the tobacco industry. They would rather sell at present day markups, due to our high support prices and moving into domestic markets and maintaining, generally speaking, a steady level of exports, than to attempt to expand by any subsidy program that might give—

Mr. COOLEY. How have our exports fared in recent years? Are we losing out on markets or are we holding them?

Mr. MILLER. Let us say that we are about holding on the poundage quantity, but we are not enjoying, or participating in, the world increased demand for tobacco. The increased demand in the world consumption is being absorbed by these companies that I just mentioned a moment ago in their expansion programs.

Mr. COOLEY. How do you explain this situation? Let us go back just a minute.

Did we not pass a supplemental law for you last year, Mr. Watts?

Mr. WATTS. This year.

Mr. COOLEY. I received a telephone call a couple of days ago and it disturbed me. I want you or someone to go into it.

In South Carolina the farmers are actually cutting down the tobacco stalks and curing them and baling them and selling them in foreign markets. The sale of that tobacco stalk, if it is going to find its way into cigarettes, should be stopped. How may we stop it without passing a law?

I am ready to introduce a bill today.

Mr. WATTS. The pure food law. If they have harvested one crop off of it, certainly the pure food law would prohibit that, if I interpret it right.

We would say to those farmers, "If you do that, you lose your acreage next year."

Is that the construction?

Mr. MILLER. Yes, sir.

Mr. COOLEY. Does that law have uniform application?

Mr. WATTS. Yes.

Mr. MILLER. Yes.

Mr. COOLEY. Then I want you, as the head of the tobacco section—I was going to communicate with Mr. Williams.

Mr. MILLER. I think we meet with you at 3 o'clock this afternoon to discuss that.

Mr. COOLEY. I do not want to prolong it but it is a terrible situation and people are disturbed about the sale of tobacco stalks.



Mr. MILLER. That is, it seems to me, a very tragic situation if it does prevail. It is a further indication that manufacturers and farmers—let us hope, at least—are grasping on to any situation or any opportunity afforded them to stretch the utilization of tobacco, whether it be in the form of utilization of stems or what not, but I hope they do not go to stalks. However, they might.

Mr. COOLEY. They have gone to stems.

Mr. MILLER. Definitely.

Mr. COOLEY. They used to give them away.

Mr. MILLER. Definitely.

Mr. COOLEY. Now they are grinding those up and putting them into tobacco products. When they get into stalks, I cannot take that.

Mr. MILLER. I am afraid this is one of the results of our pricing that we are having today.

Mr. COOLEY. I think maybe some good will come out of this meeting this afternoon. I think we should send somebody forthwith to South Carolina and stop that sort of business.

Mr. WATTS. May I ask a question?

Mr. POAGE. Sure.

Mr. WATTS. Has the Department made any study? You said a moment ago that it came about as a result of too high a price on the tobacco, but has the Department made any study as to what price domestic tobacco would bring in a foreign country, or should bring, in order to be competitive on the market?

Mr. MILLER. Yes; we are at the present time, I do not know that we have made a study but a right good analysis. I am not ready to report on the results of that. The Department still has it under consideration. We are analyzing it at the present time as to about what price.

Mr. WATTS. Do you think that we, as farmers in this country, can become competitive and still realize a profit on our operation with labor in Africa, we will say? That is, places like that raising tobacco?

Mr. MILLER. We are still competitive with the prices we are asking today.

Mr. WATTS. It is quality that is competitive rather than quantity?

Mr. MILLER. That is right. There are some other goods in the export market that we can remain competitive on, or even be a little more competitive with, I think. There is the possibility.

Mr. WATTS. Does the situation in burley differentiate itself considerably due to the fact that the export of flue-cured is about 40 percent and burley about 6 percent?

Mr. MILLER. That is true except for the substitutability in different types. I do not think treatment could be afforded one type that would not have profound effects on the other. I do not think you could separate the results of the two.

Mr. WATTS. I agree with you that you cannot precipitously do something with one kind without it having a corresponding effect on the other type.

Has the Department ever given any thought to additional quotas for export?

Mr. JENNINGS. I introduced that legislation 2 years ago.

Mr. COOLEY. What do you mean by "additional quotas for export"?

Mr. WATTS. Domestic quotas and export quotas, or additional allotments.

Mr. COOLEY. Do you mean another A. and B. program?

Mr. JENNINGS. Let him answer the question. What consideration?

Mr. MILLER. Yes; this is a domestic parity principle we are talking about now. That is, where you have an allotment for a certain commodity, a domestic allotment for a certain commodity, and an export allotment or two levels of support. The Department has not looked with favor——

Mr. POAGE. In connection with this line of questioning, is it true that—as you have pointed out, if we remain competitive—the greatest thing in most of these foreign countries in this connection is their own import taxes? Do they not discriminate against the importation of tobacco as against foreign sources?

I was in Brazil 3 weeks ago and I found that they are trying to grow tobacco down there. They are not competitive with us in production, but they have become so by preventing the movement of American tobacco in there. It can only be moved over high tariff walls.

Mr. MILLER. I suspect that because of the susceptibility of tobacco as a revenue-producing commodity, you will find more import duties placed on the movement of tobacco than almost any other commodity.

I think that Chairman Cooley pointed that out a moment ago.

Mr. POAGE. Is that not the thing that goes farther toward preventing tobacco from being competitive in foreign markets than other things?

Mr. MILLER. I would prefer to have somebody with more authority on the subject than I have reply. It is one facet. Whether it is or not, I have not the ability to say but it is one of the facets. Price is always a grave one.

Mr. WATTS. The reason I asked you that question is because sometimes we have on the Hill heard some rumblings and occasionally you fellows rumble down there in the Department and we hear about it. I have been hearing some rumblings with reference to burley tobacco and there might be a proposition to place a certain percent of the burley quota at 90 percent and a certain percent on a lower scale of support to take care of that.

Mr. COOLEY. You never mentioned that program.

Mr. WATTS. I say I have heard rumblings.

Mr. MILLER. That rumbling is the reaction to such a proposal rather than the proposal coming out of the Department.

We do not look——

Mr. WATTS. If the rumblings get to the boiling point, the point where they are too hot, there is the possibility of threatening the burley boys with an acreage cut when they are in a better position. It was to make it a little more palatable?

Mr. MILLER. We are not advocating such a program as that.

Mr. WATTS. I heard the rumblings.

Mr. MILLER. We agree with the chairman. The vested parity principle is one that we have not embraced for any commodity and I do not think we are likely to embrace one for tobacco.

Mr. COOLEY. I know that we got into trouble in flue-cured areas because of the high-producing varieties, the ones which are not desir-



able. I have maintained all along that to be true, and knowing that in this stock you now have, 569 million pounds, a substantial part of that is not desirable tobacco according to the tobacco experts, why could we not subsidize it and get it out of the warehouses, storage places, and put it in the world markets somewhere, where it will be used, and improve this tobacco situation before we meet next January?

The reason I say that is that the Wall Street Journal had some rumblings in it, too, Mr. Watts.

\* \* \* It is suggested lower props are in prospect for other major farm commodities. Mr. Benson, in fact, will push hard next year for lower props on other basic crops, such as wheat, tobacco, and so forth \* \* \*

I do not want them to start pushing me around this far in advance. I want to get it straightened out.

I believe you, or somebody in the Department, should get to work on this. I do not want to interfere with the fine business manner in which these stabilization programs have been operated, but I do think they are a little bit too conservative and they should be a little more realistic. We should dispose of some of this undesirable tobacco in the world markets and out of storage warehouses.

Mr. MATTHEWS. I had a bill which would have done that this year, but I did not press it.

Mr. COOLEY. I am sorry that you did not.

Mr. JENNINGS. Getting back to this domestic two-price system, or whatever you might like to call it, does that not give the farmer a little more freedom?

Mr. COOLEY. You take the freedom and I will take the control.

Mr. MILLER. It has been estimated that a lower price on tobacco would move more exports.

Mr. COOLEY. That was not my question.

Mr. MILLER. I kind of approached it from the back side.

Mr. COOLEY. I agree with you on that.

Mr. MILLER. This proposal that you have, this two-price system that you propose, would afford more tobacco at a lower price to be exported.

Mr. COOLEY. At the same time, would it not give the farmer the opportunity of making the choice as to which he wanted to produce, or if he wanted to put it into the world market it would not reduce his allotment. If he wanted to put in his allotment under 90 percent support prices, he might do that.

Mr. MILLER. I was saying to that end he could export more tobacco. That is correct and the ability to produce more tobacco, that amount of tobacco, would move as a result of reduced prices. That increased amount that would move as a result of a lower price, he would be able to raise that much more tobacco.

Mr. COOLEY. I introduced legislation on this. I do not think it is perfected but I introduced it for the purpose of exploring the subject and I wish the Department would submit a report.

I introduced that 2 years ago and I have not seen a report forthcoming. I agree that I have not pushed hard and that is one of the reasons. I wish that you would give that some consideration.

With reference to what the chairman was talking about, I believe it would be a little better to sell some of this tobacco that we have rather than permit the farmers to grind up stalks and sell them.

I would stop that stalk business as soon as possible.

Mr. WATTS. You should have put the——

Mr. COOLEY. It is in there.

Mr. WATTS. I want to follow up on what Mr. Cooley said. I think the chairman's views coincide pretty well with mine, and everybody else's, but I think what he is aiming at is that we have these various stocks on hand that kind of throw us out of balance for the time being where we are holding production at the present time at just about the level of consumption.

Mr. MILLER. A little less in burley and flue-cured.

Mr. WATTS. But we do have some of these stocks and some of them not too desirable in quality hanging over our heads.

I do not think that the chairman means to export continually at a low price, but what would be the Department's attitude since all of these stocks of tobacco belong to these cooperatives? He could not export them at a lower price without getting the permission of the various cooperatives that own them, unless you foreclosed your loans and took them over for export. If these cooperatives took a notion to unload some of that undesirable tobacco at a lesser price than the price they are holding them at now, which is parity plus 10 percent or something like that——

Mr. MILLER. Not any specific markup.

Mr. WATTS. What would be the Department's attitude if the various cooperatives decided it was in the best interests of tobacco generally to unload some of these undesirable stocks at a lesser price? They would have to get your permission?

Mr. MILLER. That is right. I am not in a position to speak about authority.

Assistant Secretary McLain is here.

It has been my impression that as long as tobacco has 90 percent privilege, that privilege—this holding of the CCC as to losses—was one of the justifications for the 90 percent of parity concept.

Mr. WATTS. I agree with you.

I am asking you, is that going to continue to be your opinion even though the losses would be small in comparison with the losses that have occurred on many other crops and would deal with temporary situations?

We all admit today that we are producing just about what we need or a little less tobacco. As happened in cotton—I do not know anything about that—but they have accumulated quite large stocks of cotton that do not move too well. We have certain types of flue-cured tobacco and I wonder if the cooperatives should take a notion to discount some of that tobacco for world prices, or world sales—it would have to originate with the cooperatives because you do not own the tobacco and you would have to take title to it before—what would be the Department's attitude if they could sell some of this tobacco at slightly reduced prices abroad?

Mr. MILLER. We did do that in the case of dark-fired tobacco on several occasions.

Mr. WATTS. Did you O. K. it?

Mr. MILLER. Yes, in conference with those associations we agreed that the tobacco could not move at the present price and would not move at the present price. We made that determination of the quan-



tities involved since they were relatively minor. I am talking now in terms of 6 million or 8 million or 10 million pounds at most in any 1- or 2-year period.

That would be about 10 million pounds.

The Department agreed to go along with such export sales and absorb the loss. The question I think comes up as to what is the quantity involved. We are talking here in the case of burley tobacco, this high-priced burley tobacco, in terms of 250 million or 260 million pounds. In the case of flue-cured, I expect with these discounted varieties, about the same, Chairman Cooley.

Your question there is wholly different from the question we faced in dark-fired tobacco.

Mr. WATTS. I do not think that you would have to sell all of the burley tobacco that way.

Mr. MILLER. I am not saying that. However, it becomes a question of the quantity involved and it may be 250 million or 275 million.

Mr. JENNINGS. You do have the authority under the present law?

Mr. MILLER. I presume we would go ahead and absorb the losses.

Mr. COOLEY. Have you given away any tobacco under the Public Law 480 program?

Mr. MILLER. We exchanged tobacco for foreign currency; yes, sir. We reported a moment ago 250 million pounds.

I beg your pardon, 202 million pounds, I am told, have moved under Public Law 480.

Mr. JENNINGS. Not at reduced prices?

Mr. MILLER. No, no. We have also bartered tobacco in very limited quantities. It is not because we did not want to barter tobacco. We did not have applications to barter tobacco.

Mr. COOLEY. Why would it not be a good thing to try to increase tobacco participation under Public Law 480? You would then get away from the idea that stabilization corporation sustain any losses. We exchange tobacco for foreign currencies.

It seems to me that since tobacco farmers have done such a good job cooperating with the Government in bringing about stability in production and in keeping in line with demand that we should be given some consideration under the Public Law 480 program.

Mr. MILLER. Of course, the request for purchase authorizations under Public Law 480 originate in the recipient countries. We have had, as Mr. O'Leary can vouch for, a good many requests for tobacco. We think that we have given tobacco a pretty fair share of Public Law 480 authorizations.

I would rather permit Mr. O'Leary to address his remarks to that.

Mr. COOLEY. Mr. O'Leary you have not donated it? It has all been sold?

Mr. O'LEARY. It has all been sold for foreign currency.

Mr. COOLEY. I am not saying that I have any complaints about tobacco participation in the program, but I am interested in the stabilization carryover for flue-cured tobacco. I want to see it cut as much as possible. I think we shall step up the tempo of our exports of tobacco and not permit other countries to take our markets away from us.

Mr. MILLER. The feeling that permeates the tobacco grower's mind is that when the CCC starts programing with a stepped-up program

of tobacco under Public Law 480, or any two-priced system that will replace the dollar full value market that they have for tobacco at the present time, that is the thing I want to impress.

Mr. COOLEY. I do not want to displace dollar markets, but I am thinking about increasing the use of American tobacco in foreign markets.

Mr. POAGE. I want to go back to the original, basic idea of the sales thing, and I believe that you now have outstanding under Public Law 480, or have sold over \$4 billion worth of goods; is that right? Is that about it?

Mr. O'LEARY. Yes, sir; something over \$4 billion at CCC cost.

Mr. POAGE. Something over \$4 billion at CCC cost?

Mr. O'LEARY. Yes, sir; at market value, about \$2.6 billion.

Mr. POAGE. What is the value of the purchase authorizations that have actually been issued? In other words, what authorizations have you actually issued for the movement of these goods?

Mr. O'LEARY. Practically all. There may be one or two which are not yet issued on some of the 3-year programs, such as Brazil.

Mr. POAGE. What is the value of the commodities that have actually been shipped? What value of commodities have you actually moved out of the United States under Public Law 480?

Mr. O'LEARY. About \$2.1 billion.

Mr. POAGE. About one-half?

Mr. O'LEARY. No, sir; this is market value—\$2.1 billion out of \$2.6 billion has actually been shipped.

I am talking about market value, Mr. Poage. You see, the \$4 billion plus at CCC cost is about \$2.6 billion market value, and of that \$2.6 billion market value, almost \$2.1 billion has been shipped out.

Mr. POAGE. In other words, you have shipped four-fifths roughly of the total?

Mr. O'LEARY. Yes, sir. We have somewhere between \$400 million and \$500 million carryover now being shipped.

Mr. POAGE. That is a better record than I thought we had and I am glad to hear it.

Now to get to your sales force.

You have established a sales manager, Mr. Daniel, and I understand he is ill and could not be here for that reason. We understand that.

He has been in operation just about a year, has he not?

Mr. MILLER. Longer than that, 2 years.

Mr. POAGE. How big a force does he have?

Mr. BERGER. Mr. Chairman, I will have to get that, but it seems to me that we checked it the other day and it is around 27 or 28 men.

Mr. POAGE. Where are those men?

Mr. BERGER. They are all here in Washington. I am sorry. He has 1 man located in San Francisco and he has 1 man located in Rotterdam and 1 in New York.

Mr. POAGE. The rest are all in Washington?

Mr. BERGER. The rest are here in Washington.

Mr. POAGE. Just what do these salesmen do here in Washington? It is not an outstanding grain or cotton market. What do they do here?

Mr. BERGER. They have the responsibility for developing all of the sales programs and anything that has to do with selling or price.



They have the responsibility of determining what is a fair and equitable price for us to take in our sales programs.

Mr. POAGE. Does that not mean that your sales program is not the type of sales program that some of us had in mind because the Texas Oil Co., for instance, has salesmen but a very small part of their sales force is in their head office. Their salesmen are where the customers are.

Swift & Co. has salesmen, lots of them, but there are very few of them in Chicago, relatively.

It is true with most private business enterprises that the salesmen are generally where the customers are, are they not?

Mr. BERGER. That is correct.

Mr. POAGE. This is a sales organization to sell abroad primarily, as I understand it. I guess it sells at home, too?

Mr. BERGER. Yes, sir.

Mr. POAGE. The hope was held out that with the establishment of this sales organization, we would sell abroad. We have only got one man out of that force located abroad; is that right?

Mr. BERGER. That is correct. He is on the Sales Manager staff, Mr. Chairman. However, we do have our agricultural attachés with the Foreign Agricultural Service and they, in turn, are always looking for prospects of cash sales.

Mr. POAGE. That is right, but I have carried on a long-time campaign to try to convert those people from foreign county agents into salesmen. I think this has been done with some degree of success and I hope that it has been successful. The chairman has been interested in that for a long time.

Mr. COOLEY. That brings up this question: Who is going to attend the agricultural attaché meeting in Paris?

Mr. BERGER. Mr. O'Leary would have to answer that. I am not sure who is attending it.

Do you have an agricultural attaché meeting in Paris?

Mr. O'LEARY. A 3-day meeting; 10th, 11th, and 12th of September in Paris.

Mr. COOLEY. I have asked and arranged for some members of our tobacco subcommittee to go to a meeting in London sometime prior to that time, and I am also suggesting that they attend this attaché meeting in Paris so they will have an opportunity to confer with our attachés in these European countries. Who is going from here?

Mr. O'LEARY. The Administrator, Mr. Myers. I am going and our foreign trade promotion man, who is in charge of the market development project and trade fair activities will be there.

Mr. POAGE. Who is that? Foreign Trade Development?

Mr. O'LEARY. James O. Howard.

Mr. POAGE. Is he located here?

Mr. O'LEARY. Yes, sir. It is an administrative job.

Mr. COOLEY. Will your man from Rotterdam be there?

Mr. O'LEARY. Yes, sir. I believe there will be somebody from your office, Mr. Berger.

Mr. BERGER. I am not sure of it.

Mr. POAGE. What is the main purpose of this meeting in Paris?

Mr. O'LEARY. The purpose of the meetings is to gather the attachés together periodically for the purpose of discussing market develop-

ment potentials, market situations, and related factors that affect exports from the United States to the areas in which they serve.

Mr. POAGE. In other words, it is primarily a sales meeting?

Mr. O'LEARY. It is a marketing conference; yes, sir.

Mr. POAGE. I want to commend you on that because I think it should be a sales meeting. I think that is what we are paying these people salaries for, to sell goods. Certainly, we are not sending people to Europe, of all places, to tell people how they can grow more corn or how they can smuggle some tobacco seed over there.

Mr. O'LEARY. That is not the function of the agricultural attaché, sir.

Mr. POAGE. This is going to be completely under the control of the Department of Agriculture?

Mr. O'LEARY. Yes, sir.

Mr. POAGE. The State Department is not controlling it in any way?

Mr. O'LEARY. No, sir.

Mr. POAGE. Do not let them take control of it.

Mr. HOEVEN. These meetings of the agricultural attachés are becoming annual affairs, are they not?

Mr. BERGER. Yes, sir.

Mr. HOEVEN. I want to say that the agricultural attachés are doing a wonderful job. Mr. Hagen and I were privileged to meet with the group in Rome last year in connection with the FAO meeting and I found it very worthwhile. I think we are moving in the right direction and I like to think these attachés of ours are salesmen. The climate is much better since we have had the jurisdiction transferred to the Department of Agriculture and although only one man may be in Amsterdam and a lot in Washington, the fact remains that these agriculture attachés out in the field are part of that overall system selling agricultural commodities and giving particular attention to surplus agricultural commodities.

I think we are doing a right good job.

Mr. POAGE. Just what authority do these men have in regard to price, either the attaché's or Mr. Daniel's staff?

Mr. BERGER. Mr. Chairman, may I clear up one thing?

The man in Amsterdam, one of his basic jobs at the present time is to help us gather information on what commodities are selling for in the European market so that we can have a guideline as to how to establish our subsidies on our feed grains and corn and wheat, or, as far as that is concerned, any other thing.

Cotton is being subsidized in the subsidy-in-kind sales program at the present time.

He is not an agricultural attaché as such, but he is attached to them and naturally it has been worked out that way from an organizational standpoint.

I think the thing the committee should keep in mind is that the salesmen that we really have in the world market are represented by private trade. It is our exporters that are out there looking for markets and they are looking for every market that they can find. We find that they are looking all over the world for a place to sell something and it is our job, in establishing these subsidies, to see that our prices are in line, so that we are getting the full world market out of these commodities. That is the responsibility that we have and



that is being carried on at the present time by the sales manager and his organization.

Mr. POAGE. Let us see what you mean by that.

If there is a mill in Milan, Italy, a cotton mill, and it must buy its cotton somewhere because they do not grow it, Anderson-Clayton and the rest of the cotton firms are all offering them cotton just as they always have done for many years.

The Egyptian firms are doing the same thing as well as the firms in South America. They are offering the cotton at certain prices and the Mexicans are offering them cotton through Anderson-Clayton. They are given quotations every day and none of your men give them any other quotations. They just read the big board the same as everybody else and none of your men give any special quotations. Your men are doing the job by telling that mill that it can get American cotton?

Mr. BERGER. That is correct.

Mr. POAGE. Just as cheaply as they can get Mexican cotton or Pakistani cotton.

Mr. BERGER. That is correct.

Mr. POAGE. What you are doing is to try to make them understand, if they like American cotton, they can buy it at the world price?

Mr. BERGER. And keep us informed as to what the offerings are.

Mr. POAGE. You say that you will see that they buy it at the world price or buy the cotton from us at substantially less than the world price, in order that Pearl Crisby can sell it to that mill in Milan?

I should say, you will let them buy it from him at considerably less than your acquisition price in order to sell it to that mill in Milan at the world price?

Mr. BERGER. That is correct.

Mr. POAGE. You have to know just what the competitive world price is in Milan and to know how low you can make that price in Dallas, Tex.?

Mr. BERGER. That is correct.

Mr. POAGE. Now you do not make any differentiation? You give them that much extra cotton and let him sell it, which comes to about the same thing as far as this is concerned? You give him extra cotton instead of selling it to him at this other price?

Mr. BERGER. That is right.

Mr. GATHINGS. I would just like to say that cotton is in a critical situation and would be in a more critical condition had it not been for the program that has been set up where the CCC moved some 7.5 million bales of cotton in export channels in the last 25 months.

Rice is another commodity that depends largely on exports. As a matter of fact, you have to export 45 percent of the rice produced in this country or the rice farmers are out of business completely.

We appreciate the fact that the Department of Agriculture has looked ahead and realized that we were facing a very serious problem with respect to both cotton and rice and have done something about it.

I see in this report here that during fiscal year just ended that you had contracted to move 3,975,000 hundredweight rice under title 1, which is practically 4 million hundredweight.

It would be necessary, in order to maintain the present allotment of 1,652,000 acres, to dispose of some 35 million hundredweight of rice in a year: is that not about right?

Mr. McLAIN. It would alter it considerably. It is in the neighborhood of the figure you are talking about.

Mr. GATHINGS. With this 3,935,000 from July 1, 1957, through June 30, 1958, that is the approximate quantity that agreements have been signed for under 480 on title I?

Mr. McLAIN. Yes.

Mr. GATHINGS. What is the difference there? The difference there would be considerable.

How much of this rice would move through regular commercial channels of trade?

Mr. BERGER. I do not have those figures in front of me at the present time, but we have put on a very aggressive sales program for cash for rice. Possibly you are acquainted with it. It is a slow program but if I remember rightly, it is moving in the neighborhood of 1,300,000 hundredweight.

Is there anybody here who can give me that figure?

Mr. THORNBURG. My name is T. S. Thornburg and I am the Chief, Financial Analysis Branch, Fiscal Division, CSS, Department of Agriculture.

Six and a half million bags of milled rice were disposed of in the last 11 months.

Mr. GATHINGS. A total of about 6½ million bags?

Mr. THORNBURG. That is right.

Mr. GATHINGS. Out of how much?

Mr. THORNBURG. 1,100,000 bags went into sales for export for dollars.

Mr. BERGER. That is for the first 11 months of this past fiscal year. I think I was including the 1,300,000 figure being for the full fiscal year.

Mr. GATHINGS. The ricegrower will be cut back on his acreage—since 1953 by 40 percent—had it not been for the passage of the bill which I hope will be signed into law soon. He would be cut back 45 percent and that would be about 85 percent of his total planned?

Mr. BERGER. He would have to take another 40 percent cut.

Mr. GATHINGS. What do you anticipate doing to move rice in the months ahead?

Mr. BERGER. We need title I money. As I said before, we are held up because of title I money and rice has gotten more benefit out of title I than any other commodity.

Mr. GATHINGS. Those of us around this table realize that.

Mr. POAGE. We have a meetig at 2:30 on that very problem.

Mr. GATHINGS. I think something will be done about that, as the chairman said.

That leads to the next question. Just how will this money be allocated with respect to cotton and rice and wheat and corn and tobacco? Just what will be used as a criteria or guidepost?

Mr. BERGER. All I could say, Congressman, is that I think we have done a pretty good job of allocating it in the past and I think we will in the future.

Mr. GATHINGS. On what basis?

Mr. BERGER. I think we will use the same guidelines we have used in the past. One of those is, What demand is there for the different commodities that we can apply to this?



I am not quite well enough posted at this point in regard to what the demand is for rice.

Maybe Mr. O'Leary or somebody from FAS could give an answer to that.

Mr. O'LEARY. I do not think that it will be necessary under this forthcoming authorization to more or less divide the funds up among commodities. We were almost in the position of doing that last year because of the funds limitation. The funds limitation will not exist this year, there will be plenty of funds for the programs and all commodities as I say. It will be programed as it was during the first 3 years of the program, on this basis of the surplus position of the various commodities and on the basis of the outlets abroad available for moving commodities under the program.

Mr. POAGE. Would you yield at this point and let me make a comment and ask a question?

Mr. GATHINGS. Yes.

Mr. POAGE. I think nobody grows rice in my district but I was always taught that a large part of the people that eat rice—and I was always led to believe—are people who are in the greatest need throughout the world and who need food probably more than any other people in the world.

Mr. BERGER. That is correct.

Mr. POAGE. If they could get it, that is.

Obviously, there is a tremendous demand for rice and the United States produces a very small portion of the rice of the world.

Mr. GATHINGS. Two percent.

Mr. POAGE. Certainly, the rest of the world would eat up all of the rice that we produce and 3 or 4 times as much as we produce and still have a starvation diet for hundreds of millions of people. Certainly, some of those people and some of those governments are willing to put printing presses running to give us some fancy paper in exchange for that rice.

Are we to understand that nobody wants to buy this rice under 480?

Mr. McLAIN. I do not think so. Mr. O'Leary did not say that. He said that this would move pretty rapidly after—

Mr. POAGE. That is what I understood. There was a big demand for this rice and people would like to buy it if they could spend their own currencies for it.

Then the question arises, Why is it not probably the easiest of all our surplus commodities to dispose of?

Obviously, a greater demand exists in the world and there is a very large demand in the world today and a very small supply, relatively, in the United States.

Why is there not a demand for our little handful of rice on the world market, more than anything else we produce?

Mr. BERGER. Mr. Chairman, I stated earlier in discussion that rice was the one commodity that got more benefit out of title I commodity program than any other commodity.

Mr. POAGE. I know that you stated that.

Mr. BERGER. It has been a great help.

Mr. POAGE. I know that you stated that, but we are still producing only 2 percent of the world's rice and we are eating about half of it at home, are we not?

Mr. BERGER. That is approximately correct.

Mr. POAGE. That leaves us less than 1 percent of the world's rice to move in the world market.

You have not sold half of that 1 percent, have you?

Mr. BERGER. I am sorry that I cannot answer you. I have not looked at those figures recently and I would not be able to answer, but we can put it in the record.

Mr. POAGE. I am roughly correct, am I not?

Mr. BERGER. I am not sure of that. I thought the rice was moving much better and there was a better demand for rice than that.

Mr. POAGE. If there was that demand for rice, then you would not have the surplus and you would not have to require the cut in acreage of another 40 or 45 percent?

Obviously, it is not moving because you were piling up such a surplus and announced that you were going to have to cut production of rice by another 45 percent in acreage; is that right?

Mr. BERGER. I think the reference that the Congressman has was that without title I, our producers would have to cut back.

Mr. POAGE. Without the law. We had the title I programs. We had them all last year and the year before, and the year before that.

In spite of that, the Secretary told the ricegrowers that unless we changed the law we were going to have to take a cut of another 45 percent.

Mr. GATHINGS. 652,000 and 900,000 acres.

Mr. POAGE. That is because we were building up such a surplus of rice production.

Mr. THOMPSON. That news to the rice producers is not new.

Mr. POAGE. I know it is not.

Mr. THOMPSON. It was known last spring.

Mr. POAGE. I know it was and that is what I am talking about, Mr. Thompson. I realize it was. It was known then and it was true because we were not moving the rice.

Mr. THOMPSON. Exactly.

Mr. POAGE. Had we been moving the rice we would not have had such surplus and it would not have been necessary to take these acreage cuts. Consequently we obviously could not have moved more than one-half of 1 percent of the world's rice.

If we sell more than one-half of 1 percent of the world's cotton we sell more than one-half of 1 percent of the world's wheat; we sell more than one-half of 1 percent of the world's tobacco, and of almost every other commodity.

Here is a little bitty commodity that is relatively small in the United States for which it is admitted there is the greatest demand of any food product in the world. There is a greater demand for rice than for wheat. There is no commodity which the worldwide demand that rice has, and yet we cannot sell it. We cannot sell it for local currency.

I realize those people are desperate and they cannot pay dollars, but why can't you sell it for local currency, Mr. Berger?

Mr. BERGER. I thought we were selling it for local currency to the extent of our funds.

Mr. POAGE. You obviously have not or you would not have the surpluses.



Mr. BERGER. I was under the impression whatever rice we have is pretty well programed.

Mr. POAGE. Then, how in the world was it necessary for the Secretary to make these tremendous acreage cuts?

Mr. BERGER. I cannot answer that one.

Mr. McLAIN. The rice people themselves, Mr. Carter, from your State, Mr. Gathings, was the first to admit some time ago in 1956 or 1957 that the rice industry, because of the point you raise, Mr. Poage, because of destitute conditions of those who use rice, the only way the rice program can be continued is to continue to use 480 in a vigorous way. Several others said the same thing.

Mr. O'Leary indicated that with these new funds there will be ample funds to move out in the direction of expanding these markets with title I funds. We did it 2 years ago, and until the funds begin to get down to where we had to prorate them fairly between all commodities and put a limitation on them, that condition existed.

Now, we will get the funds and will be off again and in my judgment move this rice wherever there is demand for it. Mr. O'Leary said that.

Mr. POAGE. When did you put limitations on these funds?

Mr. McLAIN. The exact timing can be answered better by Mr. O'Leary. This was last fall, was it not? It was some time during the year when we knew that because of the terrific demand we had had we had to be careful how we used the rest of the funds.

Mr. POAGE. Could Mr. O'Leary tie it down more definitely as to when we put a limitation upon the funds by commodities?

Mr. O'LEARY. There never was a strict apportionment of funds among the commodities.

However, as you know, several commodities were in trouble from a surplus standpoint. Feed grains had to be pushed. Wheat, of course, always is a commodity which is greatly in demand. We did not overemphasize wheat and do not have to because this is the main commodity that most of the buying countries want.

Mr. COOLEY. I have had information, I don't know how reliable it is, to the effect that you emphasized wheat to the exclusion of rice. People were trying to buy rice and you pushed them aside and said you could not let them have the rice but would give them the wheat.

That came out in some of our hearings.

I had been told that had you pushed rice into the world market, as Mr. Poage indicated he thought you should have, we would not be in this situation now.

I am not blaming you or anybody else, but I am telling you what came to me.

Mr. O'LEARY. The only case I can think of where you might have heard this would be in the case of India.

Mr. COOLEY. That was one.

Mr. O'LEARY. The requirements India had were so tremendous you could not even begin to think of taking care of that demand and that requirement with rice.

Mr. POAGE. How much wheat did you send India last year?

Mr. O'LEARY. About 3½ million tons under the 3-year agreement.

Mr. POAGE. How much rice did you send during the same period?

Is 3 million tons 90 million bushels?

Mr. BERGER. Approximately that.

Mr. O'LEARY. \$26 million worth of rice to India.

Mr. POAGE. Relate that to the same thing you related wheat to. How many tons or dollars was that?

Mr. O'LEARY. About 200,000 tons. About 4½ million bags.

Mr. POAGE. And how many tons of wheat?

Mr. O'LEARY. Over 3 million.

Mr. POAGE. That is about 1 to 15. It sounds fair. I don't know.

Mr. O'LEARY. Rice was moving to countries such as Indonesia, also.

Mr. POAGE. Wheat also was moving in such countries as Brazil, I know.

Mr. O'LEARY. That is right.

Mr. POAGE. So I don't know whether that is a fair ratio or not. I am not trying to say it is or is not. I wondered how much you were moving there.

Maybe we can get it clearly from another angle.

What percentage of the 1957 wheat crop did you export under subsidy? Every bushel you sent from the United States went under subsidy, I know that, but what percentage of the wheat crop did you export? Roughly half, did you not?

Mr. O'LEARY. Total exports a little less than half, about 400 million bushels. Production was nearly a billion, I think.

Mr. McLAIN. A little over 900 million last year.

Mr. POAGE. How many were the exports?

Mr. O'LEARY. Four hundred million bushels were total exports.

Mr. POAGE. A little less than half, about 45 percent.

Mr. O'LEARY. That is right.

Mr. POAGE. As to rice crop, what percentage of that did you export, and I know that was all subsidy.

Mr. O'LEARY. About 30 percent of rice production for the 4-year period moved under the title I program. Total rice exports were about—

Mr. POAGE. Did anybody buy them with dollars?

Mr. BERGER. About 1,900,000 in 11 months.

Mr. POAGE. Most of that went to Cuba?

Mr. BERGER. Yes, and many other countries of the world.

Mr. POAGE. Did you pay a subsidy on that?

Mr. BERGER. In Cuba we are selling at the regular price, so I do not believe that is included.

Mr. McLAIN. Anything that went anywhere else other than Cuba was all subsidized and the world price is much less than ours, and has been.

Mr. POAGE. How did you pay that subsidy? How did you work it? You simply sold it to somebody at less than actual cost?

Mr. BERGER. That is right.

Mr. POAGE. You sold it to an American exporter or to a Cuban firm? With whom did you deal?

Mr. BERGER. An American exporter handled it on a competitive bid basis.

Mr. POAGE. And you were able to sell it there because the export law allowed you to sell it at that price?

Mr. BERGER. That is right.



Mr. POAGE. About how much below the American market is the world market? Would you say one-half?

Mr. BERGER. I would think it would be all of that. It is about one-half.

Mr. POAGE. How about wheat?

Mr. BERGER. Year before last it was nearly 80 cents per bushel but at the present time it is about 60. Support price has been a little lower.

Mr. COOLEY. Getting away from rice for a moment to ask a general question:

I have information to the effect that American businessmen who want to do business in world markets and to be of some assistance in disposing of our surplus commodities have encountered considerable difficulty in trying to transact business in world markets with the armed services.

When a man comes to me as a Member of Congress and tells me that he has a prospect for exporting some of our surplus commodities to some foreign countries, and wants to get prices and quantities and conditions and terms and all that, to whom shall I direct my questions?

Mr. BERGER. Write to our sales manager's office. That is what they are there for. Every sales announcement is made public. The man can get on the mailing list so he will receive every sales announcement that comes out of our office. It gives him full instructions as to where to place his bids, when and how. That is public information.

Mr. COOLEY. He may ascertain the commodities that are available, and prices at which they are available?

Mr. BERGER. That is right.

Mr. McLAIN. We put out a monthly list, and then we have a daily release. This is a complaint we never hear, Mr. Cooley.

If you have anybody like that who does not understand how this thing works send them down, and we will inform them pretty fast.

Mr. COOLEY. A man talked to me about it and did not know how to start.

Mr. POAGE. I took the witness from Mr. Gathings.

Mr. Gathings, you may proceed.

Mr. GATHINGS. You did a splendid job, and I appreciate the questions you asked.

I wish you would give us an explanation of this payment-in-kind program for rice which is being anticipated.

Mr. McLAIN. We have not finalized it as yet, Mr. Gathings. Senator Ellender was anxious to have this kind of program launched because he had some people in the business who thought it should be, and he was strong for it in wheat and other commodities.

We followed a policy in the Department which I think this committee would agree with. We do not launch off on a program like this unless we have had the trade and the producer groups pretty well in agreement on what we will do.

Mr. GATHINGS. You called them in a few weeks ago, I recall.

Mr. McLAIN. Yes. We are running into some problems on rice because we do not have unanimity of opinion as to how the thing should be handled. We are still struggling with it and hope eventually to get it worked out.

Mr. GATHINGS. You think you will call them back before it is finalized?

Mr. McLAIN. Yes, sir.

Mr. BERGER. I have not had a chance to give Mr. McLain a report. In my office within my shop we had a discussion on it recently which I have not been able to tell Mr. McLain about.

There is enough opposition to the program as proposed at the present time so we cannot move forward with the subsidy-in-kind program on rice until we have not only one but several more meetings on the program for rice.

We thought it would be a simple program but there are a lot of complications.

Mr. GATHINGS. I know some of the problems.

Mr. BERGER. We are at the point where it will take us some time to work it out. We are simply not ready to make any announcement until we are satisfied that the industry feels this can work.

Mr. THOMPSON. Mr. Chairman, I have no desire whatever to inject any critical note to this meeting. I think it has been very constructive. I think it will lead to an end perhaps to many of the misunderstandings in the future, particularly if we continue to have these hearings, meetings, or conferences, whatever you want to call them, between the Congress and those who administer 480.

Mr. POAGE. The Chair will adjourn this meeting subject to call of the Chair with the idea you will probably want to have one or more such meetings during the fall.

Mr. THOMPSON. And by all means next season.

I have no desire to inject any critical note, and the fact I have not done so in the past certainly should demonstrate that.

However, Mr. Gathings and others in the Rice Subcommittee heard some months ago that the surplus figures which would come up at the end of the year were artificially set. By that I mean that had the export program been continued as it was then going, by this time of the year, the first of August, there would have been no surplus of rice.

When that time has arrived, then in setting the support figures for next year, the acreages, and so forth, the escalator clause would have been invoked and the support price would have gone up to 80-plus percent.

Mr. GATHINGS. That is right.

Mr. THOMPSON. The figures that were sent over from the office of the people who gathered the figures, the office of the people who set the surplus, indicated that there would be apparently healthy exports in the coming year and that would continue the higher supports, and so forth and so on.

At any rate, those figures were sent back across the street with instructions to bring them out to show that there should be no more than a 75 percent price support during the next year.

That information came to us first from the industry, and the industry, incidentally, is a rather tightly knit industry. Each segment of it knows what the other segment is doing and you can put in a half dozen phone calls in the Rice Belt and find out what the industry thinks.



If you recall, Mr. Gathings, you and I did not think the manipulation would take place, and we held a series of hearings here in this room and some down the hall, and finally convinced ourselves that it was true, that such maneuvering had gone on.

You will remember our conferences on the subject when we decided that rather than to recriminate and stir up friction, and so forth and so on, we should charge this off to experience, but that we should be very careful in the coming year and the coming years to see that nothing of the kind will take place again. It was then we recommended a watchdog committee to prevent exactly such a thing as we discovered going on.

I am more and more convinced now that such a thing is necessary, and I believe it would be welcomed by the Department. The Department has no more desire for misunderstanding than we have.

We have an obligation to act for and perhaps between the Department and our rice producers and the total rice industry.

I think it could best be done by such a thing as this.

I am interested, as you are, Mr. Gathings, in the future and not with recriminations over what might have happened that we did not approve of in the past. However, there is a world shortage of rice coming up this year. Let us correct the record—we produce 3 percent, as I understand it, rather than 2.

Mr. BERGER. That is right.

Mr. THOMPSON. But out of whatever we produce there is bound to come rice that will be terribly needed in the Far East where it normally will be produced this year, and where friends of ours, people we would like to have as friends, will depend on it. I would like to be in a position to meet that demand.

Incidentally, if you recall, we found, when we were investigating to see whether the surplus we would have at the beginning of this present crop year, the first of August, that surplus was artificially fixed. We inquired of the State Department and found out they had orders for every pound of rice that was in surplus in this country.

Those things we would like to prevent.

Mr. Chairman, these remarks of mine are not said with any idea of criticism but to substantiate the recommendation I made to you and Mr. Cooley that we certainly do need for the protection of all concerned the regularly functioning watchdog committee. This may be it; I don't know.

Mr. GATHINGS. I want to thank you and Mr. Cooley for looking into this matter and into the entire program.

Mr. COOLEY. I should like to make one observation; I do not believe Mr. Thompson is responsible for the charge himself, but he speaks with a very soft voice. However, he has laid down a very grave indictment against somebody in that Department.

Mr. McLAIN. I have the very highest regard for Congressman Thompson and Congressman Gathings. When these subcommittee hearings were conducted on rice and this question was raised, I think what Mr. Poage has earlier said and what Mr. Thompson indicates here, that probably we could have found an outlet for much more rice to move than actually did move, I personally do not object to a watchdog committee anywhere, looking into how these funds are used as

between commodities. I think again, as I told Mr. Thompson at the time of these hearings, if you took total funds spent for rice and compared it with any other of the basic commodities under 480, title I, you will find rice has fared about as well or better than any of the other commodities.

While Mr. Thompson and Mr. Gathings have particular interest in rice, Mr. Cooley has an interest in tobacco, and Mr. Poage has an interest in cotton and wheat, we have to look at this on the basis of what is fair and equitable to all commodities.

Granted, if one commodity, because there was a demand for it, could take more than their share of the funds, I am sure if I were a Congressman representing that district I might be very happy about doing it, but we have to look at this from the overall situation.

Mr. COOLEY. Looking at it from the overall situation, you haven't a dime invested in flue-cured tobacco, and yet in this sheet you carry \$355 million, and you treat that as if the Government had it in the inventory. That is the thing I do not like about it.

I think you are justified in stepping in and helping out in the tobacco situation because you do not have any loss.

Mr. McLAIN. You are illustrating just what I have been saying. We have this expression from the wheat people, we have it from the commodities that are not basic commodities, and they cannot understand why large sums of this money cannot be used for their commodity; the oil people, for instance.

It is a difficult problem to sit on top of. These FAS boys have real problems and we have to share it in my end of the shop.

Personally I do not object to having a watchdog committee to look at it. Maybe if they looked at it they might be happier about what we are doing.

Mr. THOMPSON. I wouldn't be a bit surprised.

Mr. POAGE. I understand every one of these subcommittees is charged with the responsibility of carrying on its own watchdog activities for their own commodities. We are here just to try to find out what is being done in the field of foreign operations. Rice presently is armed with all the power it needs to look after its own troubles, wheat the same way, feed grains the same way, and every one of these commodities.

Is that right, Mr. Chairman?

Mr. COOLEY. That is right. Under the reorganization bill we are charged with the responsibility of doing just that.

Mr. POAGE. We don't need a new or special committee.

Mr. McLAIN. I think you are doing a pretty good job of watching, Mr. Poage.

Mr. THOMPSON. As I said, we were interested in the future.

At one of these meetings called for the purpose of going further into the background of the 480 operations, somebody had an inspiration and submitted to Mr. McLain what then was called the \$64,000 question.

Would the Department accept the elimination of the escalator clause, plus 3 years at 75 percent support, no lower than 75 percent, plus a 3-year freeze on acreage, a 3-year floor on acreage at this year's figure?



We left the meeting feeling we had all agreed on that formula for rice. That is pretty close to what we have today, I hope, on the President's desk or on the way back.

Mr. McLAIN. I think that is right.

Mr. THOMPSON. Had we not come to that very satisfactory outlook, then I think we would have explored this situation brought to your attention now.

I might point this out to you, and it might have a bearing:

The percentage of rice participation in the program from July 1 of 1954 to June 30, 1958, was 7.8 percent.

For the first 6 months of this year it dropped to 3 percent, which indicates there was a sudden falling off of business in rice.

Mr. POAGE. Is it not fair to say this: If Congress works out an agreement with the Senate and it becomes law, and we anticipate it will in the near future, extending 480 under substantially the terms now outlined in the two bills, that the Department will have the funds necessary to carry on a foreign operation and any of these commodities may expect, at least within the immediate foreseeable future, to have the Department selling all of the quantities they can find markets for?

Mr. McLAIN. I guarantee you we will use the funds as rapidly and as effectively as we can.

Mr. MATTHEWS. One final observation, Mr. Chairman, saying it not as effectively as our chairman, Mr. Cooley, said—I hope some of those funds will go to supporting flue-cured tobacco.

Mr. POAGE. Thank you all for your appearance.





LEGISLATIVE HISTORY

Public Law 85-931  
S. 3420

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- Jan. 7, 1958 Rep. Abernethy introduced H. R. 9614 which was referred to the House Committee on Agriculture. Print of bill as introduced.
- Jan. 8, 1958 Rep. Abernethy discussed H. R. 9614.
- Jan. 16, 1958 Sens. Schoeppel, Young, Aiken, Mundt, and Thye introduced S. 3039 which was referred to the Senate Agriculture and Forestry Committee. Print of bill as introduced.
- Feb. 19, 1958 Senate committee ordered S. 3039 reported.
- Feb. 26, 1958 Senate committee reported S. 3039 with amendments. Senate report No. 1323. Print of bill and report.
- Mar. 8, 1958 Senate committee reported (during adjournment) S. 3420, an original bill. Senate Report No. 1357. Print of bill and report.
- Mar. 11, 1958 Digest of S. 3420 as reported.
- Mar. 14, 1958 Senate made S. 3420 its unfinished business.
- Mar. 17, 1958 Senate continued S. 3420 as its unfinished business. Sens. Aiken and Case, S. Dak., submitted amendments to be proposed to this bill.
- Mar. 18, 1958 Senate began debate on S. 3420. Sen. Martin submitted a proposed amendment.
- Mar. 19, 1958 Senate continued debate on S. 3420.
- Mar. 20, 1958 Senate passed S. 3420 with amendments.
- Mar. 24, 1958 S. 3420 was referred to the House Committee on Agriculture. Print of bill as referred.
- June 16, 1958 Rep. Cooley introduced H. R. 12954 which was referred to the House Committee on Agriculture. Print of bill as introduced.
- June 19, 1958 House committee reported H.R. 12954 without amendment. H. Report No. 1939. Print of bill and report.

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June 25, 1958	House Rules Committee granted rule for consideration of H. R. 12954. H. Res. 609 and H. Report No. 2008. Print of resolution and report.
June 26, 1958	House rejected resolution for consideration of H. R. 12954. Print of resolution as it failed of passage.
	(S.3420)
July 21, 1958	House debated/under suspension of the rules, voted to pass, then postponed consideration.
July 23, 1958	House passed S. 3420 under suspension of the rules.
Aug. 16, 1958	Senate conferees were appointed.
Aug. 18, 1958	House conferees were appointed.
Aug. 21, 1958	Conferees agreed to file a report.
Aug. 22, 1958	Both Houses received and agreed to conference report. H. Report No. 2694. Print of report.
Sept. 6, 1958	Approved: Public Law 85-931.

Hearings: S. 3420, House Committee on Agriculture; May 5, 6, 7, 8, 9, 10, 22, 28, and July 3, 1958. Serial FFF.

S. 3039, Senate Agriculture and Forestry Committee; Feb. 5 and 11, 1958.

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## DIGEST OF PUBLIC LAW 85-931

AMENDMENTS TO AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT. Amends this Act as follows: Extends the termination date of both Title I and Title II from June 30, 1958, to December 31, 1959, Authorizes an additional \$1.5 billion per year for Title I operations, or an additional \$2,250,000,000 for the 1½-year-extension. Requires the Secretary to engage in the barter or exchange of CCC surplus commodities for strategic or other materials when "he determines that such action is in the best interest of the United States." Prohibits the Secretary from restricting the countries of the free world into which surplus agricultural commodities delivered under barter may be sold except "to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barters or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars." Prohibits the acquisition of strategic or critical materials by barter or exchange except for the national stockpile, the supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs.

Provides that in negotiating agreements for sales of commodities for foreign currencies the President shall take reasonable precautions to assure that such sales will not unduly disrupt normal patterns of commercial trade with friendly countries. Makes extra long staple cotton available for sale pursuant to Title I, subject to the condition that the portion of the sales price of cotton products to be financed shall be limited to the raw cotton content of such products. Authorizes the use of foreign currencies acquired under the program, as may be specified from time to time in appropriation acts, for the acquisition of sites and buildings and grounds abroad for U. S. Government use; financing trade fair participation, and related activities, including agricultural and horticultural fair participation; international education exchanges of persons; expansion and operation of American-sponsored schools and educational institutions abroad; support of workshops and chairs in American studies; and financing programs of locating, evaluating, translating, acquiring, etc., foreign books, periodicals, and other publications outside the U. S. which are of scientific, technical, and cultural significance to the U. S. Authorizes the Commodity Credit Corporation to purchase products of oilseeds, and edible oils and fats and products thereof for donation for foreign distribution under Sec. 416 of the Agricultural Act of 1949. Authorizes the President to make any area under the jurisdiction or administration of the U.S. such as the Trust Islands of the Pacific and Ryukyu Islands, eligible to participate in the surplus commodities disposal and distribution programs under Sec. 32 of the Act of 1935 and Sec. 416 of the Agricultural Act of 1949. Continues the present authorization of \$800 million for donation of surplus commodities to friendly countries under Title II. Directs the Secretary to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.











# H. R. 9614

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1958

Mr. ABERNETHY introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To extend and expand the authority of Public Law 480, Eighty-third Congress.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That the Agricultural Trade Development and Assistance  
4       Act of 1954, as amended, is further amended—

5               (1) by striking out of section 103 (b) the figure  
6       “\$4,000,000” and inserting in lieu thereof “\$5,500,000”  
7       and

8               (2) by striking out of sections 109 and 204 the  
9       date “June 30, 1958” and inserting in lieu thereof the  
10      date “June 30, 1959”.

85<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 9614**

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# **A BILL**

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To extend and expand the authority of Public  
Law 480, Eighty-third Congress.

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By Mr. ABERNETHY

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JANUARY 7, 1958

Referred to the Committee on Agriculture









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued January 9, 1958  
For actions of January 8, 1958  
85th-2nd, No. 2

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HIGHLIGHTS: Rep. Reuss criticized soil bank payments. Rep. McCarthy introduced and discussed bill to stabilize market supply and price of farm-produced feed grains and livestock. Rep. Abernethy discussed his proposed bill to extend Public Law 480.

## HOUSE

1. FARM PROGRAM. Rep. Reuss stated that the Department plans to recommend that the acreage reserve program be discontinued because the \$3,000 limitation on payments to any one producer is unpopular with "farm corporations." p. 81  
Rep. Brown, Ga., discussed the importance of the farm to our national economy, and urged the passage of "adequate measures to aid the farmer." p. 83
2. FOREIGN TRADE. Rep. Abernethy discussed his bill (H. R. 9614), introduced Jan. 7, 1958, to extend the Agricultural Trade Development and Assistance Act (Public Law 480) for one year, with an increase of \$1.5 billion authorization under title I. pp. 82-83  
Rep. Chamberlain discussed the results of the 12th session of the contracting parties to the General Agreement on Tariffs and Trade, including the reactions of other nations to the U. S. program of disposing of Government-held agricultural surpluses on the world market. pp. 89-90
3. FARM LOANS. Received from this Department the annual report pertaining to the Puerto Rican hurricane relief loans. p. 96

## ITEMS IN APPENDIX

4. FARM PROGRAM. Rep. Smith, Kan., inserted a farmer's analysis of the farm problem, which recommended retention of parity as a standard, acreage controls, and high fixed supports. pp. A5-6  
Rep. Andersen inserted an article urging parity prices for all raw materials to maintain consumption standards. p. A75

5. DAIRY INDUSTRY. Extension of remarks of Rep. Andersen urging support for his proposed bill to maintain 75-90 percent price supports on dairy products. p. A72
6. FORESTRY. Rep. Haley inserted an address by Kenneth Pomeroy, Chief Forester of the American Forestry Association, "Terminating Federal Supervision over Indian Forests," discussing the problems involved in the Menominee and Klamath Indian reservation termination bills. pp. A25-7
7. FOREIGN TRADE. Rep. Neal inserted an editorial opposing extension of reciprocal trade agreements and urging a stronger escape-clause provision. p. A5  
Rep. Hays, Ohio, inserted a news article on the effects of foreign imports on glassware producers and steel firms, which urged import restrictions and greater power to the Tariff Commission to utilize the escape clause. pp. A52-3
8. PERSONNEL. Rep. Van Zandt inserted an article, "An Economist's Views of the Cordiner Recommendations." pp. A7-8
9. BUDGET. Rep. Tuck inserted a speech by Sen. Byrd evaluating the budget and tax levels in light of the military situation. pp. A9-11  
Rep. Haley inserted an editorial urging budget cuts in non-military fields, including the farm program, to balance any increases needed in military spending. p. A16
10. FOREIGN AID. Rep. Reed inserted summaries of foreign aid expenditures and of the disposal of agricultural commodities. pp. A21-2  
Rep. Scherer inserted a speech on foreign aid which urged that it be discontinued. pp. A45-7

#### BILLS INTRODUCED

11. WHEAT. H. R. 9814, by Rep. Breeding, H. R. 9819, by Rep. Chenoweth, to amend the Agricultural Adjustment Act of 1938 to allow acreage planted to the 1958 crop of winter wheat in excess of wheat acreage allotments to be considered in establishing such allotments for the future; to Agriculture Committee.
12. SOIL BANK. H. R. 9812, by Rep. Anfuso, to amend the Soil Bank Act to discontinue acreage reserve program; to Agriculture Committee.
13. ROADS. H. R. 9821, by Rep. Fallon, to amend and supplement the Federal-Aid Road Act approved July 11, 1916, to authorize appropriations for continuing the construction of highways; to Public Works Committee. Remarks of author. pp. 94-5
14. FEED GRAINS. H. R. 9828, by Rep. McCarthy, to stabilize the market supply and price of farm-produced feed grains and livestock to insure the continuous ample volume of meat products for consumers and to provide equitable opportunity for farm producers to achieve income parity; to provide means of meeting natural farm production disasters; to Agriculture Committee. Remarks of author, p. 81

#### PRINTED HEARINGS RECEIVED IN THIS OFFICE

15. FORESTRY. S. 1176, to establish a national wilderness preservation system. Senate Interior and Insular Affairs Committee.
16. AUTOMATION. Automation and recent trends. Joint Economic Committee.
17. SMALL BUSINESS. Problems of small business financing. House Small Business Committee.



To 23 percent of the boys and 31 percent of the girls working for the government meant surrendering to certain restrictions on self-expression.

Less than 1 percent thought the government's education and experience requirements were too high and less than 2 percent worried about advancement opportunities.

#### NO PUBLICITY

But a surprising number of youngsters—23 percent of the boys and 27 percent of the girls—said one reason they never gave a thought to working for the government is that they seldom heard about government job opportunities.

"We just don't hear much about it," said 15-year-old Allan Herbert, of Cory, Ind.

With the exception of security, the tangibles and intangibles that once attracted people to work for the government are now regarded by teen-agers as drawbacks. They no longer regard a Federal, State, or city worker as well paid, self-satisfied, and a person of prestige in the community.

#### THE MERCHANT MARINE ACT OF 1920

(Mr. HEMPHILL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HEMPHILL. Mr. Speaker, I have today introduced a bill to correct an inequity created by the Merchant Marine Act of 1920. I do not believe this inequity was contemplated in that act, but has had such a result in these times of expanding industry.

The Bowater Southern Paper Corp. is a domestic corporation. However, this company is a wholly owned subsidiary of the Bowater Corporation of North America, Ltd., a Canadian corporation which is wholly owned by the Bowater Paper Corp., Ltd., a British corporation.

The purpose of this bill is to allow this new industry which has come into the South, and which is giving employment, increasing the value of the land, helping industry, and promoting prosperity, a chance to use the water facilities of this country on a competitive basis with other organizations.

I do not think the Merchant Marine Act of 1920 contemplated this inequity, but unless this legislation is effected Canadian paper mills will have a distinct transportation advantage over these mills in Tennessee, South Carolina and other places in the United States. You will notice that this legislation limits the transportation between points in the United States, and further limits the proposal to those corporations where 90 percent of the employees are citizens and residents of the United States, and a majority of the officers are citizens and residents of this country.

I offer this bill to encourage industry.

We are glad to have new industry in our part of the country and we want to do everything we can to encourage industrial development.

We have the desire, as new industry is welcomed with open arms. We have the climate, the water, the productive land, and, finest of all a people able, ready, and willing to work and produce.

We seek this legislation to promote and help industry in this Nation.

#### STABILIZATION OF THE MARKET SUPPLY AND PRICE OF FARM-PRODUCED FEED GRAINS AND LIVESTOCK

(Mr. McCARTHY (at the request of Mr. REUSS) was given permission to extend his remarks at this point in the RECORD.)

Mr. McCARTHY. Mr. Speaker, I have today introduced a bill to stabilize the market supply and price of farm-produced feed grains and livestock to insure the continuous ample volume of meat products for consumers and to provide equitable opportunity for farm producers to achieve income parity, to provide means of meeting natural farm production disasters, and for other purposes.

Feed grains and livestock are an important source of the Nation's total supply of food for domestic use and export. They are marketed on nationwide markets, and substantial quantities thereof, in both raw and processed form, move in interstate and foreign commerce. There are recurring shortages and surpluses in feed grains and livestock products which impair the income and financial stability of farm producers; sometimes create unnecessarily high prices to consumers for essential foods; cause disorderly marketing, economic strife, and congestion in storage, transportation, processing, and other handling facilities and thereby adversely affect farm credit, disorganize and disrupt the farm economy and the general economy of the United States, impinge on the general welfare, impair the national security, and burden interstate and foreign commerce. The production and marketing of feed grains and livestock and their products is affected with a public interest, directly affects the welfare and security of the Nation, and is attended with substantial and far-reaching consequences to interstate and foreign commerce.

Mr. Speaker, the situation in agriculture is so serious that it is obvious that the Congress must take some action not only for corn, but for other commodities and products.

Since last spring, a number of the commodity producer groups have been meeting to seek to work out an acceptable overall program. I am informed that recommendations will soon be submitted for an overall feed grain program which will include corn and other feed grains. This is a desirable approach.

The bill which I am introducing is not a full and final answer. I have introduced it in the hope that some of the proposals included in it will be considered by the Agriculture Committee, and in the hope that this committee will be moved to take early action in effecting a basic revision and improvement of the agricultural program.

On the Senate side, my colleague Senator HUMPHREY is working on a total feed grain program with representatives of the commodity groups. He intends to sponsor comprehensive legislation in the Senate.

My colleague, Representative LESTER JOHNSON of Wisconsin, has introduced legislation which would postpone the drastic reduction in dairy price supports recently announced by the Secretary of Agriculture. I urge the committee to take early action on this proposal and on other limited proposals which can be quickly considered by the Congress in order to restrict the discretionary power now residing in the Secretary of Agriculture, and then to proceed to a thorough examination and revision of the basic farm legislation.

#### SOIL BANK ACREAGE RESERVE

(Mr. REUSS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. REUSS. Mr. Speaker, last summer Congress, disturbed by payments by Secretary Benson under the soil-bank acreage reserve of hundreds of thousands of dollars to individual producers, put a limit of \$3,000 that could be paid "to any one producer." Our purpose was to restrict acreage-reserve benefits to the family-sized farmer, the man who needs the help. Yesterday Secretary Benson announced that he will drop the acreage reserve entirely this year. His stated reason for dropping the whole acreage-reserve program is this \$3,000 limitation. Big-business farm corporations are apparently not interested in the \$3,000-a-producer chickenfeed that Congress has provided. In other words, Secretary Benson is saying that if Congress will not let him ladle out taxpayers' dollars to the large corporation farms, he will not have any acreage reserve at all. He is saying to Congress, "If you won't help my big-business farmer, I won't help your family-sized farmer." This is a sorry answer to the crying needs of America's family farmer.

#### THE NATIONAL GUARD

(Mr. WINSTEAD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WINSTEAD. Mr. Speaker, with the convening of Congress, I introduced two bills. The first would prohibit the President from calling the National Guard into the Federal service, except in time of war, threat of invasion, or when requested by the State governor or State legislature. The second would prohibit the use of Federal troops to enforce Federal court orders and State laws.

This legislation comes as a result of the disgraceful action of this administration in calling out the National Guard of Arkansas and in ordering 1,200 battle-ready paratroopers of the 101st Airborne Division into Little Rock, Ark., to force the integration of 9 Negro children at Central High School in that city.

Unless a repetition of that action is prevented, we have witnessed the beginning of the end of our cherished form of government. Unless similar action on the part of those in authority in the executive branch can be eliminated, once



and for all in the future, the rights of the several States to be sovereign, as guaranteed by the Constitution, will be no more. The result will certainly be that we will have come to a federalized form of government.

This Nation has been treated to the unpleasant spectacle of Federal authority interfering in State affairs to the extent of calling into Federal service 9,800 members of the Arkansas Army National Guard, including all units and members of the Air National Guard.

Shortly after my return to Washington, I called upon the Department of the Army to furnish me with copies of all orders emanating from the national level to the National Guard of the State of Arkansas and to Federal military units. Believe me when I say it is a sad commentary to read. We find on September 24 the President issued Executive Order No. 10730 authorizing the Secretary of Defense to mobilize the National Guard of Arkansas and to use such of the Armed Forces as he deemed necessary; and on the same day a military commander was appointed to enforce Federal authority in the Little Rock area. Logistic and administrative support was assigned to the Fourth Army at Fort Sam Houston, Tex.; and it is also interesting to note that information copies of these messages were sent to the commanding general, United States Continental Army Command, Fort Monroe, Va.; commanding general, Fourth Army, Fort Sam Houston, Tex.; commanding general, Third Army, Fort McPherson, Ga.; commanding general, 18th Airborne Corps, Fort Bragg, N. C., as well as to the Federal unit designated to be utilized at Little Rock, 101st Airborne Division, Fort Campbell, Ky. It, therefore, becomes apparent that more than one Federal military unit was being alerted.

On the same day, under the authority of the Executive order, the Secretary of Defense directed the call of the Arkansas National Guard into the Federal service, and the Governor of Arkansas was so notified by the Secretary of the Army. The reason given the Governor in this message was "to enforce the laws of the Union and to enforce any orders of the United States District Court for the Eastern District of Arkansas, for the removal of obstacles of justice in the State of Arkansas with respect to matters relating to enrollment and attendance at public schools in the Little Rock School District."

On September 30, 1957, the commanding general of "occupied Arkansas" was advised by his superiors that he was authorized to utilize National Guard units to take over the "full security mission in the Central High School area during the daylight hours." However—and, Mr. Speaker, this is important—the order further said "You will hold at all times one Regular Army rifle company in the high-school gymnasium as a task-force reserve. This force should have available appropriate weapons."

So in only a little more than 100 hours after the great crisis arose it was so well in hand that the assignment to keep the peace could be entrusted to local National Guard forces.

But, mark you, no chances were being taken—one Regular Army rifle company was to be quartered in the gymnasium armed with appropriate weapons.

Mr. Speaker, before coming to Congress I spent 16 years as an administrator in the public-school system in Mississippi, 9 years of these as an active teacher. As a former educator, I find the action of the Federal Government in this instance to be incredulous. I have always believed that teachers were able to discipline their own students and if they were unable to do so, they should be replaced. The thought of stationing Regular Army troops, fully armed and equipped, inside a school building is abhorrent to my sense of dignity as a man and a teacher.

But ordering battle-tested paratroopers to Little Rock did not satisfy the Army Chief of Staff, General Maxwell Taylor. On September 25, he sent the following message to the Commanding General, Continental Army Command:

1. As a precautionary measure in event troops are required in situations similar to that now current in Little Rock, Ark., CSUSA (Chief of Staff, United States Army) desires that you organize TFs (task forces) of 1,000-1,200 strength in 82d AB, 3d Inf, 1st Inf and 1st Armd Divs. In addition you should determine availability of MP (military police) units for this type duty.

2. Above units should initiate promptly suitable training programs under FM 19-15 and prepare plans for both air and motor movement.

3. This confirms our telephone conversation this date on same subject.

On September 26, this order was canceled.

Now note that carefully, the Chief of Staff ordered to be organized 1,000- to 1,200-man task forces in 4 Regular military units. Also military police units were to be made available. The Chief of Staff was holding himself ready to dispatch task forces to any point within any sovereign State if the present administration even suspected that situations similar to Little Rock existed.

Mr. Speaker, are we aware of what is happening to our citizens and our form of government?

Do we realize that the Federal Government has taken upon itself to be ready to send Federal troops into any State upon any pretext?

Does such a situation sound like it could happen in America?

Does not sending armed troops against private citizens, with drawn bayonets sound more like Nazi Germany, Fascist Italy, or even Communist Russia?

It is true that they burned books in Nazi Germany, but has any Member of this House heard of schoolchildren in those countries, while living under a dictatorship, or schoolchildren of any other country being herded from classroom to classroom at bayonet point?

We sing of the home of the free and the land of the brave. Where is the home of the free when helmeted, combat-ready, heavily booted, fully armed paratroopers stand on guard in the corridors of a public school designed to teach children ranging from 12 to 17 years of age?

I believe the time has come to put legislative handcuffs on those who would use the military against the citizens of a sovereign State on any trumped-up charge. These men in authority who would do such must be persuasively convinced that the framers of the Constitution meant for the military to be servants of the people—not their masters.

#### EXTENSION OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT (PUBLIC LAW 480)

(Mr. ABERNETHY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ABERNETHY. Mr. Speaker, 4 years ago, many proposals were being advanced to cope with the mounting accumulation of farm products. In the hearings that followed in the House Agriculture Committee there was general agreement that several different approaches should be taken to facilitate use of the surpluses in a positive manner. Therefore, in mid-1954 the Congress enacted, with strong support in both Chambers, the Agricultural Trade Development and Assistance Act of 1954, now more commonly referred to as Public Law 480.

The act provided for a fourfold program for the utilization of surpluses. Title I authorized sales for foreign currencies to friendly countries in addition to their usual purchases for dollars. Title II authorized the use of Commodity Credit Corporation stocks to meet famine and other emergency situations abroad. Title III emphasized and broadened, first, the previously authorized section 416 program for donation of CCC stocks to schoolchildren and the needy in this country and to American private relief agencies such as CARE for use in feeding needy persons abroad; and, second, the program for bartering CCC surpluses for strategic and other materials. These programs have been of great value to our farmers through the expanded outlets that they have provided for surplus products, but, in addition, they have made a great contribution in helping to improve living standards for large numbers of people throughout the world.

During the first 3 years of these programs, actual shipments made under them have totaled about \$3 billion. Stated another way, a little more than one-quarter of total United States agricultural exports during the last 3 years were made under these programs. We all appreciate, I am sure, that the accelerated disposals undertaken under Public Law 480 has been one of the major factors responsible for the gratifying increases in total agricultural exports. Foreign shipments increased in value about 70 percent from 1953-54 to 1956-57, and in 1956-57 farm product exports were valued at \$4.7 billion, by far the highest total in our history.

The title III authority providing for donations through American relief agencies and barter does not carry any expiration date. However, the foreign currency sales authority under title I and



the authority to meet emergency conditions abroad under title II are now scheduled to expire on June 30, 1958. Yesterday I introduced a bill—H. R. 9614—which will provide for an extension of these two titles until June 30, 1959. My bill will increase the title I authorization by an additional \$1.5 billion which will bring the cumulative authorization to \$5.5 billion. No increase is needed in the title II authorization since sufficient balances are available from the current \$800 million authorization to carry the program for another year.

I think our farmers can take pride in these programs which permit us to share our abundance with our friends in the rest of the world. There can be no better way of demonstrating our good will or our desire to help people achieve a better standard of living. How fortunate we are to be able to use our farm products in this manner. Certainly, the contrast between the abundance produced under our system and the scarcities and high prices prevailing under the Communist agricultural system, give us strength in our relations with the free world.

The principal activity under the Public Law 480 program has taken place under title I. Thus far, agreements have been signed with 35 countries for the movement of commodities valued at \$3.3 billion. Included in agreements signed to date are 500 million bushels of wheat, 100 million bushels of feed grains, 25 million bags of rice, 2.8 million bales of cotton, 160 million pounds of tobacco, 1.8 million pounds of fats and oils—primarily soybean and cottonseed oil—150 million pounds of dairy products, and large amounts of other commodities.

And these items are being shipped abroad in large volume. For example, last year when exports totaled \$4.7 billion, which incidentally represents roughly 1 acre out of 5 of our cropland, title I accounted for almost one-fifth of these exports. Wheat exports last year totaled almost 550 million bushels and title I was responsible for shipments of about 200 million bushels of this amount. Incidentally, these record exports enabled a cut in the surplus carryover wheat by about 125 million bushels.

Last year, cotton exports of 7.6 million bales were the highest in many years, and as a result it was possible to reduce surplus stocks by over 3 million bales. Incidentally, title I shipments last year were about 1.4 million bales.

Shipments of edible oils last year were at a record level of over 1.2 billion pounds. This was especially good news to soybean producers and again title I accounted for almost half of the total exports.

Title II has been extremely useful in giving the executive branch flexible authority to meet unforeseen situations abroad so that we can come promptly to the aid of people in distress. For example, this authority has been used to feed Hungarian refugees following the revolt against Communist oppression last year. It has been used to make wheat available to the people in Morocco who suffered as a result of a prolonged drought.

As you know, last year it took us many months to consider extension of this law. It is of paramount importance that the extension be provided as early as possible during the current session in order to continue these programs without interruption. It is my understanding that the remaining balance of \$700 million in the title I authorization will be committed by January or February. Therefore, I would hope that the extension could be authorized no later than February or March.

Mr. Speaker, I am strongly in favor of continuation of these programs. They have been of great benefit to us at home and abroad. I sincerely hope that my bill will have the early attention of both Houses of Congress and that speedy approval will be forthcoming.

### THE IMPORTANCE OF THE FARM TO OUR NATIONAL ECONOMY

(Mr. BROWN of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Speaker, all of us recognize that a strong domestic economy is essential to the welfare of our people and to the defense of the Nation. Each major segment of our economy bears an important relationship to the economic conditions which prevail throughout the country, and agriculture is the most basic segment of the economy in times of peace or in times of emergency.

We have learned through the experience of recessions and depressions that the conditions which prevail on the farm are ultimately reflected in the entire national economy. It is the raw materials of the farms which start the wheels of industry, and the purchasing power from these farm commodity sales which so closely relate to the production levels which may be maintained by industry.

Although in recent years hundreds of thousands of people have moved from our rural areas to towns and cities, the fewer remaining farmers have employed more efficient methods to bring about increased productivity. The purchasers and consumers of farm products have shared in the resulting benefits.

Since there has been a trend for large number of farmers to move to towns and cities in recent years, as well as determined local efforts to achieve a properly balanced agricultural and industrial program, in my opinion the Government should not engage in any program which seeks to move our farmers off of the land. Such a program would be a negative approach which would bring about problems rather than provide solutions. The suggested program also appears to be based entirely upon temporary monetary considerations with inadequate regard to the values this country derives from those who are reared close to the soil. In the place of these Government sponsored actions which tend to discourage and confuse our farmers, we should substitute a positive program based upon a determination to find new uses for our farm products, to recover

our lost foreign markets, and to encourage local areas in their efforts to achieve a properly diversified program within these areas.

Our agricultural pursuits cannot be isolated from the other major segments of our economy which have profited from their greater efforts in scientific research. I have no doubt that similar scientific efforts to find new uses for agricultural products could achieve similar results. The nature of farming is such that its problems are of a long range nature, and increases in production must be anticipated far in advance. Agricultural planning for the future cannot be based upon conditions which exist today, but must be based upon population growth and other conditions which may exist in the years ahead.

The farmer is required to operate in an economy in which he must pay higher prices because of subsidies paid to manufacturers and shippers, the increased wage and operating costs, and the higher prices which result from tariffs. The farmer has operated in a subsidized business economy, and payments to the farmer by the Government have served only to bring the farmer a part of his fair share of income and cannot be considered a subsidy. This is true because the income of the farmer remains behind the income of other groups. The farmers have been caught in a cost-price squeeze as a result of the high cost of the farm supplies they purchase as compared with the low prices they receive for farm commodities. This condition is now bringing about a noticeable sales loss in related industries. The means must be found to eliminate the inequities which are resulting from this cost-price squeeze.

I wish to again state that it is imperative that greater use be made of the laws which have been passed to aid in the sale of agricultural products. The tools which the Congress has provided, through the passage of these laws, must be fully and effectively utilized. It is my belief that a combination of American salesmanship and full utilization of existing laws would bring about more effective results in the disposal of agricultural products. A more optimistic approach to farming through the encouragement of scientific development to find new uses, the encouragement of a proper balance between agriculture and industry in local areas, the recovery of lost foreign markets, the utilization of existing laws and American salesmanship, and the fullest cooperation of the State Department would eliminate the necessity for suggested programs to move the farmers off of the land. I hope that the Congress will soon pass adequate measures to aid the farmer in his present dilemma.

(Mr. LANE asked and was given permission to extend his remarks at this point in the RECORD.)

(Mr. LANE'S remarks will appear hereafter in the Appendix.)



## THE DEPARTMENT OF DEFENSE

(Mr. BROWNSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWNSON. Mr. Speaker, this second session of the 85th Congress meets in a tense atmosphere of inspired propaganda to consider vital defense problems. Two committees which attracted little attention when they were organized or during their deliberations have now advised the country as to just what must be done if we are to maintain our military stature.

We, in the Congress, are not exactly sure what one of these committees said since their findings have been leaked to us drop by drop by columnists chosen to see top secret documents denied to the people's elected Representatives.

Events of the last week have suggested one obvious course of legislative action which has not yet received full consideration. Surely in a time of planned panic we must consider every possible reform in the Department of Defense. In the Pentagon rests the responsibility for spending so much money, not to mention responsibility for our national defense which sometimes seems a secondary consideration.

This crash proposal in which I have no pride of authorship is simple, quick, and sure. It will necessitate legislation which would simultaneously promote every member of the Army, Navy, and Air Force on active duty to the grade, rank, and pay of a full four-star general. That is right—every man on active duty a four-star general.

This will immediately produce peace in the Pentagon. There will be no more interservice rivalry because every man will have reached his goal—top money and top grade.

For the first time every single member of the military will be free to concentrate entirely on the goal of strengthening our country without worrying about his date of rank. The ultimate goals of the Cordiner report will be realized. Every private will really be happier now when the four-star general receives an \$8,000 a year pay raise to \$28,000 a year—because now every private will be a four-star general.

No military man will ever again be tempted to take his cannons and go home because of a shortage of stars.

This will guarantee complete equality in the armed services, an objective which even the Russians and Chinese have never achieved.

No longer will industry be able to tempt capable officers to leave the military, where plans are made, for the factory where weapons are produced. Military pay ranging from \$26,626 to \$28,606 a year will take care of that.

With this pay scale almost everyone in industry will be clamoring to get in the armed services. The draft can be abolished. Full employment can be guaranteed. Industry's profits on cost plus contracts will be boosted as industrialists raise salaries all the way around using the taxpayers' defense contract money to bid against the taxpayers' mil-

itary salary money for the same engineers and scientists who are the center of controversy today.

## EXPRESSION OF THANKS

(Mr. BEAMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEAMER. Mr. Speaker, I take this brief occasion to express my sincere gratitude to the many Members of the House of Representatives who sent me words of encouragement during my forced absence last summer. The many greetings of every kind provided me the best possible tonic.

It seemed unbelievable to me that any coronary difficulties should beset me. True, I had sympathized with many of my friends who had suffered this experience, but I had no predilection that it would happen to me. But it did, and it came with almost no warning.

The story of my recovery merely indicates another of the miracles of modern medicine and present-day development of science. It may be true that my attack was a comparatively light one, but to me it seemed to be the worst possible at the time. Now that I have recovered and even feel in better health than B. C.—before coronary—I want to pass on advice that so kindly and graciously was given to me.

Live fully but carefully. Do not worry, watch your diet, and consecrate yourself to your family, to your community, to your Nation, and to your God. These and other lessons are the priceless possessions I have gathered from friends who were so kind and thoughtful while I was recuperating.

God has been good to all of us. For these blessings, let us respond with faith, hope and charity for all.

## OUR TAXPAYERS DESERVE A BREAK

(Mr. MASON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MASON. Mr. Speaker, the United States has a population of 172 million people, a yearly Federal taxload of \$73 billion, and a Federal debt of \$273 billion. This makes an average yearly Federal taxload for every man, woman, and child in the United States of \$424 and an average debt load of \$1,587 per person.

The whole of Europe—leaving out Russia—has a population of 411 million, a total yearly taxload of \$47 billion, and a total debt load of \$117 billion. This makes an average yearly taxload for every man, woman, and child in Europe of \$11, and an average debt load of \$285 per person.

Europe's total taxload of \$47 billion is less than two-thirds of our \$73 billion taxload, and her total debt load of \$117 billion is less than one-half of our total debt of \$273 billion; yet we continue to hand out billions each year to Europe in so-called foreign aid. Is it not past time to give our taxpayers a break?

During the past 10 years Congress has given away to our so-called allies over \$45 billion in foreign aid. If this immense amount had been spent in building up our own national defense the United States could have been made absolutely impregnable—not even Russia would dare to look cross at us.

Mr. Speaker, today most European countries have balanced budgets. England, France, and Western Germany have balanced budgets. Our European neighbors produce more goods of every kind than they produced in prewar days. They do it because of the rebuilt factories and modern machinery we have furnished them at the expense of the American taxpayer.

Today Europe has a \$14 billion favorable balance of trade—a greater dollar balance to buy American goods with than she has ever had in her entire history. Mr. Dulles, under questioning before the Ways and Means Committee, acknowledged this fact. Yet we continue to pour out foreign aid—American taxpayers' dollars—to further bolster the economy of European nations. Every dollar of foreign aid we provide, whether economic or military aid, is a dollar less for the European taxpayer to pay.

American foreign aid today is being used to balance European budgets, to reduce European taxes, and to reduce European national debts. Does this make sense? Foreign aid today is a fraud. It should be cut off entirely.

Congress should do two things:

First. Adopt the Hoover recommendations and thereby save yearly some \$5 or \$6 billion; and

Second. Stop giving away \$4 to \$5 billion each year in foreign aid.

Mr. Speaker, we would then save \$10 billion each year which could mean a \$5 billion tax cut; a \$3 billion payment upon the national debt; and in addition have \$2 billion extra to spend for real national defense, if it is needed.

Mr. Speaker, why not give our overburdened taxpayers a break, and at the same time build up our own national defense?

## CONGRATULATIONS, MR. SPEAKER

(Mr. AUCHINCLOSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AUCHINCLOSS. Mr. Speaker, another year has rolled by and thank God SAM RAYBURN is hale and hearty, prepared for whatever lies before us. This is indeed reassuring and it is with a grateful heart that I wish him many happy returns of the day.

We need men of his type more than ever in this time of perplexity, men whose patriotism is beyond question, and whose determination to protect our country is as resolute as ever.

May we enjoy many more years of his virile service and may he be blessed with the strength and vision which comes from above in meeting the duties and responsibilities of his great office. God bless you always, Mr. SAM, our Speaker.









# S. 3039

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## IN THE SENATE OF THE UNITED STATES

JANUARY 16, 1958

Mr. SCHOEPPel (for himself, Mr. YOUNG, Mr. AIKEN, Mr. MUNDT, and Mr. THYE) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

---

## A BILL

Amending the Agricultural Trade and Assistance Act of 1954,  
as amended.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That the Agricultural Trade Development and Assistance  
4       Act of 1954, as amended, is amended as follows:

5       (a) Sections 109 and 204 of such Act are amended by  
6       striking out "1958" and substituting in lieu thereof  
7       "1959".

8       (b) Section 103 (b) of such Act is amended by strik-  
9       ing out "\$4,000,000,000" and inserting in lieu thereof  
10      "\$5,500,000,000".

# A BILL

Amending the Agricultural Trade and Assistance Act of 1954, as amended.

By Mr. SCHOEPPel, Mr. YOUNG, Mr. AIKEN,  
Mr. MUNDY, and Mr. THYE

JANUARY 16, 1958

Read twice and referred to the Committee on  
Agriculture and Forestry









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued February 20, 1958  
For actions of February 19, 1958  
85th-2d, No. 25

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HIGHLIGHTS: See page 6.

## HOUSE

1. MUTUAL SECURITY. Both Houses received the President's message on mutual security (H. Doc. 338). pp. 2053, 2092-94. The message includes the following statement:  
"The mutual security program which I recommended for fiscal year 1959 contains essentially the same component parts as authorized by the Congress last session. To carry out this program I request \$3,942,100,000."
2. APPROPRIATIONS. The Appropriations Committee was granted permission until midnight Thurs., Feb. 20, to file a report on the second deficiency appropriation bill. Rep. Cannon stated the bill would probably be considered on Tues. p. 2114
3. DISASTER LOANS. Rep. Jones, Mo., urged early approval by the President of S. 2920 to authorize disaster loans to small-business concerns suffering economic loss due to excessive rainfall. p. 2094
4. WATER RESOURCES. The House Administration Committee reported without amendment S. Con. Res. 28, to authorize printing a compilation of materials on the

development of the water resources of the Columbia River and its tributaries (H. Rept. 1359). p. 2119

The Interior and Insular Affairs Committee ordered reported with amendment S. 1086, to grant the consent of Congress to a Bear River compact by Ida., Utah, and Wyo. p. D119

SENATE

5. FARM PROGRAM. The "Daily Digest" states that the Agriculture and Forestry Committee ordered reported the following bills: S. 3039, to extend Public Law 480 for one year and increase the authorization from \$4 to \$5.5 billion; and original bills to extend the special school milk program for 3 years; extend the dairy products program for the armed services, Coast Guard Academy, Merchant Marine Academy, and the Veterans' Administration for 3 years; and extend the brucellosis eradication program for 2 years. p. D115  
Sen. Morse inserted his speech to the Farmers' Union in which he discussed the record of the Administration and urged the use of surpluses in foreign policy, food stamps, and direct payments to farmers in certain cases. pp. 2047-9  
Sen. Humphrey inserted letters from Minn. Farmers' Union locals which urged opposition to reductions in price supports, lowered interest rates to encourage the use of forest products, 90%-of-parity supports, no increase in REA interest rates, and amendment of the income tax laws to prevent deduction of farm losses by semi-active farmers. pp. 2019-20  
Sen. Humphrey inserted the resolutions of the Young Democratic Clubs, including permitting the UN to dispose of U. S. farm surpluses, freer trade policies, a Brannan-plan farm program aimed at 100% of parity, food stamp plans, a civil defense food stockpile, and emphasis on family farms. pp. 2059-64
6. SOIL BANK. Sen. Aiken defended the Department for its position on the participation in the acreage reserve program, and pointed to the vote in Congress which cut the appropriation estimate from \$700 million to \$500 million. He urged the appropriation of \$200 million additional for the acreage reserve program without delay. p. 2053
7. PERSONNEL. Sens. Carlson and Dirksen submitted proposed amendments to S. 734, the classified pay raise bill. p. 2031
8. FOREIGN AID. Sen. Smith, N.J., inserted an article, "How the United States Has Aided a New Nation," on our assistance to Libya, including agricultural extension education of Libyan farmers. pp. 2035-6  
Sen. Smith, N. J., inserted an editorial, "God's Will and Foreign Aid," urging "We are still our brother's keeper, even if he isn't a United States citizen." pp. 2036-7
9. VEGETABLES. Sen. Allott inserted an article relating how a Small Business Administration loan enabled the farmers at Blanca, Colo., to develop a market for high altitude lettuce. pp. 2041-2
10. AREA DEVELOPMENT; TEXTILES. Sen. Payne discussed the economic distress in the Biddleford-Saco area, Me., and inserted a letter to the President from the local Textile Workers Union urging a crash program of public works, special defense contracts, and passage of S. 3196, to provide that part of surplus cotton sold by the CCC must be processed. He opposed passage of S. 5, to prevent the allocation of contracts to areas of high unemployment, and urged passage of a distressed areas aid bill. pp. 2043-5









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued February 27, 1958

For actions of February 26, 1958

85th-2d, No. 30

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HIGHLIGHTS: See page 6.

## HOUSE

1. SECOND SUPPLEMENTAL APPROPRIATION BILL. Passed with amendments this bill, H. R. 10881. pp. 2516-47

Rejected an amendment by Rep. Taber, by a vote of 26 to 90, to provide that no part of this appropriation would be used to make payments under the acreage reserve program of more than \$16 per acre. p. 2517

2. FARM PROGRAM. Rep. Morano defended the Secretary's farm policies, stating that "he has gained more in stature, in the respect of his fellow citizens, by his courageous defense of the policies he believes best for the Nation." p. 2516  
Rep. Andersen, Minn., criticized the Secretary's farm policies and the President's defense of the Secretary, and stated that it was now up to Congress to enact its own farm program. pp. 2530-31
3. PACKERS AND STOCKYARDS. The "Daily Digest" states that the Rules Committee "held hearing to consider granting of a rule on H. R. 9020, to amend the Packers and Stockyards Act. Announced that further action will be postponed



until the Committee on Interstate and Foreign Commerce has acted on H. R. 5282, to amend the anti-trust laws by vesting in the Federal Trade Commission jurisdiction to prevent monopolistic acts or practices and other unlawful restraints in commerce by certain persons engaged in commerce in meat and meat products. Witnesses heard on the rule were Representatives Cooley, Poage, Hill, Dixon, and Harris." p. D147

4. EXPORT-IMPORT BANK. The Banking and Currency Committee ordered reported H. R. 10459, to increase the lending authority of the Export-Import Bank of Washington. p. D146
5. WILDLIFE. The Merchant Marine and Fisheries Committee ordered reported H. R. 10679 and H. R. 10803, to authorize the Secretary of the Interior to utilize funds available under the Migratory Bird Hunting Stamp Act to acquire by lease, purchase, or exchange, small wetland and pothole areas to be designated as "Waterfowl Production Areas." p. D147
6. TREASURY-POST OFFICE APPROPRIATION BILL, 1959. The Appropriations Committee was granted permission until midnight Thurs., Feb. 27, to file a report on this bill. p. 2516
7. COMMITTEE ASSIGNMENTS. Rep. Metcalf resigned from the Interior and Insular Affairs Committee, and Rep. Anderson, Mont., was elected to the Committee. p. 2516
8. FARM LOANS. Conferees were appointed on S. 1002, to enable the Secretary of Agriculture to extend financial assistance to desert-land entrymen to the same extent as such assistance is available to homestead entrymen. Senate conferees were appointed August 26, 1957. p. 2547
9. POULTRY AND EGGS. Rep. Scudder spoke on the nutritive value of eggs in the human diet, and inserted tables on production and per capital consumption of poultry and eggs. pp. 2549-51
10. FOREIGN TRADE. The Foreign Affairs Committee submitted a report pertaining to a special study mission to the Mediterranean and Near East (H. Rept. 1407). p. 2567  
Received a report, "East-West Trade Developments, 1956-1957," pursuant to the Mutual Defense Assistant Control Act. p. 2567
11. ACP. Received a Miss. Legislature memorial urging Congress to continue ACP in 1959 on the same basis as it operated in 1958. p. 2568
12. LEGISLATIVE PROGRAM. Rep. McCormack announced that there is no further legislative program for this week except what can be taken up by unanimous consent. p. 2547

SENATE

13. FOREIGN TRADE; SURPLUS COMMODITIES. The Agriculture and Forestry Committee reported with amendments S. 3039, to extend Public Law 480 (S. Rept. 1323). p. 2436
14. ONION FUTURES. Sen. Potter urged favorable action on S. 778 or S. 1514, to eliminate trading in onion futures in organized markets, and inserted a statement by the President of the National Onion Ass'n urging prohibition of such futures trading. pp. 2462-4



## EXTENSION OF PUBLIC LAW 480

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FEBRUARY 26 (legislative day, FEBRUARY 24), 1958.—Ordered to be printed

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Mr. ELLENDER, from the Committee on Agriculture and Forestry,  
submitted the following

## REPORT

[To accompany S. 3039]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3039) amending the Agricultural Trade and Assistance Act of 1954, as amended, having considered the same, report thereon with a recommendation that it do pass with amendments.

## GENERAL

This bill, with the committee amendments, would—

(1) Extend titles I and II of Public Law 480, 83d Congress (the Agricultural Trade Development and Assistance Act of 1954), for 1 year, until June 30, 1959 (titles I and II deal, respectively, with sales of surplus agricultural commodities for foreign currencies and with famine and certain other relief donations of surplus agricultural commodities to friendly countries or peoples);

(2) Increase the title I authority by \$2 billion (to \$6 billion), so as to provide not more than an additional half-billion dollars for commitment in the remainder of the current fiscal year and at least \$1.5 billion for commitment in the fiscal year ending June 30, 1959; and

(3) Prohibit discriminatory treatment of extra long staple cotton under the act.

## THE COMMITTEE AMENDMENTS

The committee amendments make the following changes in the bill: First, the committee recommends that the additional authorization for title I be increased to \$2 billion (from \$1.5 billion) and that the authorization be related to a fiscal year basis by restricting commitments for the balance of this fiscal year to \$500 million. This would leave at least \$1.5 billion for the fiscal year ending June 30, 1959.

The estimated CCC cost, including ocean transportation, of commodities covered by agreements signed in the fiscal year ended June 30, 1957, was slightly in excess of \$1.5 billion. The Department testified on January 17 of this year that they had then committed or were about to commit all of the \$1 billion additional authorization which had been provided on August 13 of the current fiscal year, and it might well be that another half-billion dollars could be used during this fiscal year if the additional authorization were obtained early enough. The committee has no reason to anticipate that the amount required for the fiscal year ending June 30, 1959, will be substantially less than was required for the fiscal year which ended last June or the fiscal year ending next June. In fact the Assistant Secretary of Agriculture testified on February 5 as follows:

The request for a larger authorization this year is caused by changing world conditions. The dollar position of several countries has worsened and greater demand has resulted from poor harvests overseas. Shipments under past programs, particularly wheat for India, have been accelerated. In addition, we would expect to program part of the new authorization before June 30 if the extension is granted soon enough.

At the same time the Assistant Secretary testified as to the importance of providing adequate authorization as follows:

In the title I program, orderly programing and shipping is extremely important. These are dependent on continuous programing without time out between utilization of separate authorizations. We have run into periods when title I programing has come to a standstill; for example, the development of new agreements virtually ceased in January 1957 when our authorization was almost exhausted. The availability of funds during the following months would have avoided a backlog of program requests from interested countries. This backlog resulted in the necessity to scale down, delay, or exclude country programs, and in erratic shipment performance. Shipments were running about 800,000 tons a month last spring; these dropped off to less than 400,000 tons and are now just starting to increase again. It is possible that this same condition will exist again unless an extension is granted early in this session of Congress.

In view of this testimony the committee feels that it would be a serious mistake to provide less than the \$500 million which can be used this fiscal year, and at least as much for the fiscal year ending June 30, 1959, as was used in the year last ended.

Second, the committee recommends insertion of a new section 3 in the bill to prohibit discrimination in the treatment of extra long staple cotton under the act. When the act was last extended the statement of managers explaining the conference report on the extension bill (S. 1314, 85th Cong., H. Rept. No. 683) contained the following statement which had been agreed upon by the Senate and House conferees:



## BASIC OBJECTIVES OF THE ACT

The conferees take this occasion to specifically reaffirm the statements with respect to the basic objectives of Public Law 480 and the operations thereunder which were contained in the committee reports of the two Houses on this legislation. Specifically, the conference committee believes that the provisions of Public Law 480 should be utilized to the fullest to develop new and expanded markets abroad for the products of American agriculture. In this connection the committee of conference expects that extra long staple cotton will be sold under the authority of this act, as is upland cotton, to any friendly nation without regard to the fact that this commodity may compete with a similar commodity produced outside the United States, and that all surplus agricultural commodities regardless of the kind will be made available for sale under the act without the imposition of conditions which would prevent or tend to interfere with their sale. Rather than in any way seeking to discourage or impede the sales of such surplus commodities, their sales should be emphasized if it appears that by such sale under this act a future market for dollars, in the regular course of international trade, may be established for such commodities.

The Department of Agriculture was questioned on February 11 concerning a newsletter statement that—

Spain didn't want Sudanese extra long staple cotton even if their prices were lower. Spain prefers our extra long staple, even at higher prices, but State Department barred exports of our extra long staple even though USDA has for 2 months declared it in surplus—has to, because of the legal formula that applies. State Department even asked USDA to refrain from exporting long staple cotton because of fear of getting in bad with Egyptians and Sudanese.

The Department advised that the law made it incumbent upon them to declare extra long staple cotton in surplus and that this was done. Subsequently it was withdrawn on a temporary basis because of an extremely sensitive situation in the Middle East. The Department advised that it already had adequate authority but that the amendment would do no great harm and the State Department subsequently advised that the situation which had given rise to the problem was now clarified and that there would be no objection to the movement of extra long staple cotton under the program.

Third, the committee amendment to the title would simply correct the reference to the act being amended.

## HEARINGS

The committee conducted 2 days of hearings on the bill. No witnesses appeared in opposition to it and the action of the committee in ordering the bill reported was unanimous.

## NEED FOR EXTENSION OF THE ACT

When Public Law 480 was passed, the Commodity Credit Corporation's investment in agricultural commodities was valued at \$6 billion. This investment continued to rise in the next 2 years and totaled \$8.2 billion on June 30, 1956. As disposal programs, including CCC exports for dollars at world prices, began to have full effect, this rise in investment was arrested and a downward trend was started. CCC's investment in agricultural commodities on June 30, 1957, was \$7.3 billion. It is estimated by the Department that CCC's investment in commodities as of June 30, 1958, will be reduced to about \$6.8 billion. These reductions, resulting mainly from disposals of wheat and cotton, would have been greater, the Department advises, except for the extremely large harvest of feed grains last year.

It appears likely that United States agricultural production will continue at a high level and that CCC will continue to take over production in excess of domestic use and commercial export outlets. Dollar exports are expected to decline from the high level reached during the year ending June 30, 1957, due, in part, to the worsened dollar position of many countries. In presenting the recommendations of the Department of Agriculture for extension of the act, the Assistant Secretary of Agriculture stated on February 5 that—

The program has made it possible for us to make constructive use of our agricultural surpluses at home and abroad.

To permit continuation of these activities we are recommending: That foreign currency sales under title I be extended for 1 year through June 30, 1959, that the authorization be increased by \$1.5 billion, and that title II, which authorizes the use of food for emergency relief abroad, also be extended for 1 year. Balances available from the current \$800 million authorization for title II, however, are sufficient to permit continuation of operations for the additional period. Title III which provides for donations through voluntary relief agencies and for barter transactions does not have an expiration date under the act.

This morning the Department announced the signing of a title I agreement with the Republic of Korea. This brings the value of agreements to date to more than \$3.6 billion at CCC cost and more than \$2.5 billion at export market value. This means that we have less than \$400 million at CCC cost remaining and programs now being finalized are expected to exhaust this balance very soon. We are hopeful, therefore, that prompt consideration will be given to an extension.

The report of the Department of Agriculture recommending extension of the act as part of a Farm Food and Fiber Act is attached as exhibit A.

## SUMMARY OF OPERATIONS

Agreements already signed provide for the shipment of 550 million bushels of wheat, 3 million bales of cotton, 25 million bags of rice, 1.8 billion pounds of vegetable oils, 133 million bushels of feed grains, 175 million pounds of tobacco, 150 million pounds of meat, 225 million pounds of lard, 162 million pounds of dairy products, 197 million pounds of fruit and vegetables, as well as other commodities.



In 1955-56, the first full year of operation of title I, foreign currency shipments totaled \$427 million at export market value, or 12 percent of total United States agricultural exports. During 1956-57 title I shipments amounted to \$900 million, nearly 20 percent of the record-breaking \$4.7 billion total achieved.

Agreements signed to date will result in foreign currency payments of more than \$2.5 million. About 60 percent of the total will be used for economic development purposes in importing countries, about 10 percent will be used to support the defense forces of our allies, and the remaining 30 percent is planned for meeting United States expenses overseas and expanding certain United States programs.

Title I originally provided for an authorization of \$700 million in terms of what it costs the Government to supply commodities under the program. The value of these commodities at current world prices, of course, is considerably less. This authorization has been raised three times and now is \$4 billion. Over \$3.6 billion of this limit has moved or will move under more than 100 agreements signed with 35 friendly countries. Agreements totaled about \$500 million in the year ending June 30, 1955, \$1 billion in 1955-56, and \$1.5 billion last year.

The bulk of the commodities included in these agreements has already been exported and the increase in title I shipments from year to year has been one of the major factors leading to the rise in our total agricultural exports. In 1954-55 our agricultural exports had a market value of \$3.1 billion. Title I shipments were small that year, accounting for 3 percent of the total. In 1955-56 our agricultural exports rose to \$3.5 billion. Title I accounted for 12 percent of the total. In 1956-57, the year ending last June 30, agricultural exports rose to an all-time high of \$4.7 billion. Title I shipments made up almost 20 percent of the total, or about \$900 million.

The value and quantity of commodities which have been programed under agreements signed during fiscal year 1958, and cumulative totals, are shown later in this report in tables I and II.

### USES OF FOREIGN CURRENCIES

Foreign currencies received in payment for commodities are deposited to the account of the United States overseas and are used for purposes authorized in section 104 of Public Law 480 and specified in the sales agreement. Several departments and agencies have responsibility for administering the expenditure of these currencies. For example, the Department of Agriculture is concerned with the use of currencies for agricultural market development purposes; the International Cooperation Administration for currencies loaned back to importing countries for economic development purposes; and the Export-Import Bank of Washington for currencies loaned to private business firms.

About \$43 million in currencies has been tentatively earmarked for agricultural market development under existing agreements. To date, more than \$9 million of this is being obligated for approved projects together with contributions by private trade organizations cooperating in these projects of nearly \$3 million. Results of these promotion efforts are already evident in some instances. Cotton promotion projects undertaken in 21 countries have been a factor in

the free movement of cotton overseas and should continue to encourage exports for some time to come. The title I poultry sale to the Republic of Germany plus a promotion project resulted in dollar purchases by that country of more than 4 million pounds of poultry in 1957. Particularly good results have been obtained in Japan in maintaining United States wheat and tallow exports and increasing the use of United States leaf tobacco. Commercial supermarkets have been opened up in Italy because of the success of a supermarket exhibit held during a trade fair there. These new markets are now selling many United States grocery items which had not been made available in Italy to any great extent. We believe that as more projects are undertaken and more products exhibited at trade fairs our export markets for many commodities will widen considerably.

More than half the foreign currencies expected to accrue under existing agreements will be loaned back to importing countries for use in economic development projects agreed upon with the International Cooperation Administration. Considerable emphasis is placed upon coordinating plans for the use of these funds with the overall development programs of these countries. In approving loan projects for agricultural purposes care is exercised to avoid encouragement of production which would result in reduced outlets for United States agricultural commodities.

The extension of Public Law 480 granted in August 1957 provided for relending of foreign currencies, largely to United States firms and their affiliates, to assist in the development and expansion of private business in foreign countries. The equivalent of about \$45 million will be reserved for these purposes in agreements negotiated this fiscal year with France, Greece, Israel, Korea, Mexico, and Pakistan. These funds will be available to private business firms through the Export-Import Bank of Washington when commodities under these agreements are shipped and paid for and proceeds assigned to the bank.

Currencies are also being used for the payment of United States expenses abroad; for the procurement of military services and equipment for military assistance; for educational exchange programs; for assistance to American-sponsored schools, libraries, and community centers; for the translation, publication, and distribution of books and periodicals; and for the purchase of goods for other friendly countries. Details on the planned uses of these currencies are shown in table III.

#### ALLOCATION OF PROGRAM COSTS

This committee's report on S. 1314 of this Congress (S. Rept. 188) contained the following recommendation:

Unfortunately, most of the publicity which has been given to Public Law 480 has emphasized, exclusively, the benefits that American agriculture has received from the program. The committee considers it highly important that this situation be corrected, and that the benefits to nonagricultural interests be shown in their true light. Therefore, the committee recommends that, in the future, all accounts and estimates concerning the cost of the program clearly differentiate between that part of the cost



attributable to agricultural programs and that part attributable to nonagricultural programs. They should also show that part of the amount attributable to nonagricultural programs which is reimbursable from appropriations for other agencies and that which is not. The difference between the export value and the Corporation's investment in commodities exported under the program should be shown as a separate item.

The committee would like to reiterate that recommendation at this time and urge the Bureau of the Budget, the Department of Agriculture, and other agencies, in their accounts and statements dealing with price-support program costs, to make a clear differentiation between those costs which may properly be charged to price supports and those which may properly be charged to another purpose. Thus, in the case of donations under title II of Public Law 480 for famine relief, the market value of the commodities donated, as well as the expense involved in making the donation, should be charged to famine or other relief and should not be described as an expense "primarily" for price support. Similarly, cash transfers to the armed services or to schools to supplement the diets of the services and of school children and the market value of commodities donated for domestic relief, food donated to unemployed, service diet supplements, or other purposes should be clearly shown for what they are.

TABLE I.—Commodity composition of programs under title I, Public Law 480 agreements signed July 1, 1957, through Feb. 5, 1958, and cumulative totals

[Million dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation	Estimated CCC cost including ocean transportation
Fiscal year 1958 agreements:												
France	11.4	4.7			2.5	0.6			2.5	0.1	2.6	2.6
Greece	9.3	8.7				10.6	2.1	20.1	16.7	3.1	19.8	32.7
Israel	24.5	15.9		0.8					31.8	3.2	35.0	57.3
Korea		26.6							40.4	9.6	50.0	78.3
Mexico									26.6	1.6	28.2	65.6
Pakistan	36.6	1.5	14.4			2.2	.3		53.5	11.9	65.4	99.7
Poland	24.6	5.0		17.1		1.0	41.8		43.2	3.4	46.6	66.8
Spain	15.4	3.0		11.8	5.3	2.2	21.4		64.9	4.2	69.1	78.5
Turkey								38.0	42.0	4.8	46.8	62.4
United Kingdom									8.0		8.0	8.0
Yugoslavia	37.8			15.1			9.9		62.8	7.2	70.0	98.0
Total agreements, July 1, 1957–Feb. 5, 1958	159.6	65.4	14.4	44.8	8.0	16.6	75.5	8.1	392.4	49.1	441.5	649.9
Total agreements, fiscal year 1955, 1956, and 1957	763.9	95.4	150.6	406.6	110.7	22.3	275.2	48.2	1,872.9	222.9	2,095.8	3,010.4
Total, all agreements, fiscal year 1955, 1956, 1957, and 1958	923.5	160.8	165.0	451.4	118.7	38.9	350.7	56.3	2,265.3	272.0	2,537.3	3,660.3

<sup>1</sup> Includes only ocean transportation to be financed by CCC.

<sup>2</sup> Dried prunes.

<sup>3</sup> Fresh, dried, and canned fruits.



TABLE II.—Approximate quantities of commodities under title I, Public Law 480 agreements signed July 1, 1957, through Feb. 5, 1958, and cumulative totals

Country	Wheat and flour	Feed grains <sup>1</sup>	Rice	Cotton	Tobacco	Dairy products <sup>2</sup>	Fats and oils <sup>3</sup>	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
<b>Fiscal year 1958 agreements:</b>	<b>1,000 bu.</b>	<b>1,000 bu.</b>	<b>1,000 cwt.</b>	<b>1,000 bales</b>	<b>1,000 lb.</b>	<b>1,000 lb.</b>	<b>1,000 lb.</b>	<b>1,000 lb.</b>	<b>1,000 cwt.</b>	<b>1,000 lb.</b>	<b>1,000 lb.</b>	<b>1,000 cwt.</b>
France.....	6,798	4,268			4,500	4,304						
Greece.....	5,545	7,480				45,987						
Israel.....	14,444	16,140		5.0	231		14,763			4,882		
Korea.....												
Mexico.....		20,501										
Pakistan.....	21,851		2,182			3,998	2,001					
Poland.....	14,239	1,560		106.9		( <sup>4</sup> )						
Spain.....		3,937		69.4	8,833	259,225						
Turkey.....	9,086	2,825				9,952	143,624			671,092		
United Kingdom.....				95.1								
Yugoslavia.....	22,145						65,455					
<b>Total agreements, July 1, 1957-Feb. 5, 1958.....</b>	<b>94,108</b>	<b>56,711</b>	<b>2,182</b>	<b>276.4</b>	<b>13,564</b>	<b>64,241</b>	<b>485,068</b>			<b>72,874</b>		
<b>Total agreements, fiscal years 1955, 1956, 1957, and 1958.....</b>	<b>455,258</b>	<b>76,252</b>	<b>23,325</b>	<b>2,706.2</b>	<b>160,860</b>	<b>97,969</b>	<b>1,761,004</b>	<b>3,000</b>	<b>44</b>	<b>123,952</b>	<b>150,962</b>	<b>9</b>
<b>Total agreements, fiscal years 1955, 1956, 1957, and 1958.....</b>	<b>549,366</b>	<b>132,963</b>	<b>25,507</b>	<b>2,982.6</b>	<b>174,424</b>	<b>162,210</b>	<b>2,246,072</b>	<b>3,000</b>	<b>44</b>	<b>196,826</b>	<b>150,962</b>	<b>9</b>

<sup>1</sup> The breakdown of this category is as follows:

Corn.....	Thousand bushels	31,091
Oats.....		1,389
Barley.....		15,865
Grain sorghums.....		1,947
Feed grains.....		6,299
<b>Total.....</b>		<b>56,711</b>

<sup>2</sup> The breakdown of this category is as follows:

Evaporated milk.....	Thousand pounds	4,176
Dried whole milk.....		541
Nonfat dry milk.....		25,252
Cheese.....		11,192
Butter.....		18,718
Ghee.....		3,998
Butter oil.....		364
<b>Total.....</b>		<b>64,241</b>

<sup>3</sup> The breakdown of this category is as follows:

Cottonseed and/or soybean oil.....	Thousand pounds	479,452
Tallow and/or grease.....		5,616
<b>Total.....</b>		<b>485,068</b>

<sup>4</sup> Dried prunes.

<sup>5</sup> Not available.

<sup>6</sup> Dried, fresh, and canned fruit.

TABLE III.—Planned uses of foreign currency under title I, Public Law 480 agreements signed July 1, 1957, through Feb. 5, 1958, and cumulative totals<sup>1</sup>

[Million dollars]

Country	Total amount programmed (market value ocean transportation)	Market development (sec. 104 (a))	Purchase of strategic material (sec. 104 (b))	Military procurement (sec. 104 (c))	Purchase of goods of other countries (sec. 104 (d)) <sup>2</sup>	Grants for multilateral trade and economic development (sec. 104 (e))	Loans to private enterprise (sec. 104 (e))	Payment of United States obligations (sec. 104 (f)) <sup>3</sup>	Loans to foreign governments (sec. 104 (g))	International education exchange (sec. 104 (h))	Translation and publication (sec. 104 (i))	Information and education (sec. 104 (j))
Fiscal year 1958 agreements:												
France	2.6	0.5			0.2		0.6	0.3		1.0		
Greece	19.8						2.9	5.0	10.9			1.0
Israel	35.0	.3					8.7	5.0	21.0			
Korea	50.0			41.0			2.0	7.0				
Mexico	28.2	2.5					7.1	2.9	13.6	1.2		.9
Pakistan	65.4	.7		5.0			16.4	9.9	30.8	1.1	1.0	.5
Poland	46.6				( <sup>4</sup> )			46.6				
Spain	69.1	1.0					7.0	37.0	31.1			2.0
Turkey	46.8							19.1	18.7			
United Kingdom	8.0	3.3						4.7				
Yugoslavia	70.0							17.4	52.6			
Total agreements	441.5	8.3		46.0	.2		44.7	154.9	178.7	3.3	1.0	4.4
Uses as percent of total	100.0	1.9		10.4	.1		10.1	35.1	40.5	.7	.2	1.0
Total agreements, fiscal year 1955, 1956, and 1957	4 2,089.8	34.9	2.0	244.5	42.7	61.5		501.6	1,170.3	19.9	2.3	10.1
Total all agreements, fiscal year 1955, 1956, 1957, and 1958	4 2,531.3	43.2	2.0	290.5	42.9	61.5	44.7	656.5	1,349.0	23.2	3.3	14.5

<sup>1</sup> Amounts shown in this table are subject to adjustment when actual purchases and allocations have been made.<sup>2</sup> Unspecified amount for possible procurement for 3d countries. Amounts shown in this column indicate a specified amount in the agreement for this use.<sup>3</sup> In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under secs. 104 (a), (b), (f), (h), and (i). In some instances, possible uses under sec. 104 (d) are also included in this

category. Therefore, estimates based on the best information now available are indicated above under subsecs. (a), (b), (h), and (i). Balances not otherwise distributed are included under subsec. (f). This distribution is subject to revision when allocations have been completed.

<sup>4</sup> Total market value differs from total in table I by the \$6 million estimated for ocean differential in the Indian agreement for which no rupee deposits will be required.



## EXHIBIT A

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
Washington, February 17, 1958.

HON. ALLEN J. ELLENDER,  
*Chairman, Committee on Agriculture and Forestry,  
United States Senate.*

DEAR SENATOR ELLENDER: This is in response to your request of January 17, 1958, for a report on S. 3039 which proposed to amend the Agricultural Trade Development and Assistance Act of 1954, as amended.

This bill would increase the maximum amount to be appropriated to reimburse the Commodity Credit Corporation for commodities disposed of and costs incurred under title I of the act, from \$4 billion to \$5.5 billion. The bill would also extend the terminal date, through which title I and title II transactions can be undertaken, from June 30, 1958, to June 30, 1959.

We favor extension of this act as part of the Farm Food and Fiber Act (S. 3049). This temporary disposal program needs to be part of a farm program that will effectively bring the supply of farm products into better balance with market demand.

However, this program must not be allowed to become a device to postpone needed price support and production adjustments. In some instances the movement of basic commodities under Public Law 480 results, under the current escalator provisions of legislation, in higher price supports than would otherwise prevail. For example, on February 7 we announced the price support for cotton at 81 percent of parity. There is no question that this price support is substantially higher than it would have been in the absence of the exports under Public Law 480. This comes at a time when the cotton industry is having difficulties competitively with synthetics and foreign mills. Thus the effect of moving surpluses under Public Law 480 is resulting in incentives to build another surplus. It is not desirable to keep farmers continually under the shadow of price-depressing surpluses.

This program is desirable within our overall policy framework of expanding markets. However, maintaining a range of support prices which is too narrow to permit the commercial growth of markets needed to absorb our production prevents the needed expansion. Therefore, we favor the extension of the Agricultural Trade Development and Assistance Act with the additional \$1.5 billion authorization as part of S. 3049.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary.*

## CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

## AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

## TITLE I—SALES FOR FOREIGN CURRENCY

\* \* \* \* \*

## SEC. 103.

\* \* \* \* \*

(b) Transactions shall not be carried out under this title which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of **[\$4,000,000,000]** \$6,000,000,000. This limitation shall not be apportioned by year or by country, but shall be considered as an objective as well as a limitation, to be reached as rapidly as possible so long as the purposes of this Act can be achieved within the safeguards established.

\* \* \* \* \*

SEC. 109. No transactions shall be undertaken under authority of this title after June 30, **[1958]** 1959, except as required pursuant to agreements theretofore entered into pursuant to this title.

## TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after June 30, **[1958]** 1959.





Calendar No. 1343

85TH CONGRESS  
2D SESSION

# S. 3039

[Report No. 1323]

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## IN THE SENATE OF THE UNITED STATES

JANUARY 16, 1958

Mr. SCHOEPEL (for himself, Mr. YOUNG, Mr. AIKEN, Mr. MUNDT, and Mr. THYE) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

FEBRUARY 26 (legislative day, FEBRUARY 24), 1958

Reported by Mr. ELLENDER, with amendments

[Omit the part struck through and insert the part printed in italic]

---

## A BILL

Amending the Agricultural Trade and Assistance Act of 1954,  
as amended.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 That the Agricultural Trade Development and Assistance  
4 Act of 1954, as amended, is amended as follows:

5 (a) Sections 109 and 204 of such Act are amended by  
6 striking out "1958" and substituting in lieu thereof "1959".

7 (b) Section 103 (b) of such Act is amended by strik-  
8 ing out "\$4,000,000,000" and inserting in lieu thereof  
9 ~~"\$5,500,000,000"~~ "\$6,000,000,000".

10 SEC. 2. Not more than \$500,000,000 of the increase in

1 authority provided by section 1 (b) shall be available for  
2 transactions entered into prior to June 30, 1958.

3       *SEC. 3. In carrying out the provisions of the Agricul-*  
4 *tural Trade Development and Assistance Act of 1954, as*  
5 *amended, extra long staple cotton shall be made available for*  
6 *sale pursuant to the provisions of title I of the Act in the*  
7 *same manner as upland cotton or any other surplus agri-*  
8 *cultural commodity is made available, and no discriminatory*  
9 *or other conditions shall be imposed which will prevent or*  
10 *tend to interfere with its sale or availability for sale under*  
11 *the Act.*

Amend the title so as to read: "A bill amending the  
Agricultural Trade Development and Assistance Act of 1954,  
as amended."





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**A BILL**

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Amending the Agricultural Trade and Assistance Act of 1954, as amended.

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By Mr. SCHOEPPel, Mr. YOUNG, Mr. AIKEN, Mr. MUNDT, and Mr. THYE

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JANUARY 16, 1958

Read twice and referred to the Committee on Agriculture and Forestry

FEBRUARY 26 (legislative day, FEBRUARY 24), 1958  
Reported with amendments









MARCH 10, 1958

SENATE

and Forestry

13. **PRICE SUPPORTS.** The Agriculture/Committee reported (Mar. 7) without amendment, S. J. Res. 162, to prohibit any reduction in support prices or acreage allotments for any commodity, except tobacco (S. Rept. 1355). (p. 3292) The Committee report explains the measure as follows:

"This joint resolution is an emergency measure to stay any reduction in the support price or the acreage allotted for any agricultural commodity, except tobacco, until Congress has had an opportunity to consider such changes in the law as are necessary in the light of current conditions.

"The resolution provides that the support price for any commodity except tobacco, shall not be reduced below the 1957 level (in dollars and cents) until Congress can act...

"The resolution provides further that the total acreage allotted to any commodity under the Agricultural Adjustment Act of 1938 shall not be reduced below the total acreage allotted to such commodity for 1957....

"Several provisions of law governing the distribution of the total allotted acreage to States (in the case of rice) and to States, counties, and farms (in the case of cotton) expire with the 1958 crops...In line with the purpose of the resolution to maintain the status quo until Congress can take appropriate further action, the resolution would prevent these provisions from expiring during the period covered by the resolution...."

and Forestry

- The Agriculture/Committee reported (Mar. 7) without amendment, S. J. Res. 163, to prohibit any reduction in support prices for dairy products (S. Rept. 1356). (p. 3292) The Committee report explains the measure as follows:

"This joint resolution is an emergency measure to stay any reduction in dairy price supports until Congress has had an opportunity to consider such changes in the price-support law as are necessary in the light of current conditions. Present price supports are \$3.25 (83 percent of parity) per hundredweight for manufacturing milk and 58.6 cents per pound for butterfat (80 percent of parity). On December 18, 1957, the Secretary of Agriculture announced that dairy-price supports for the marketing year which begins April 1, 1958, will be at levels which reflect 75 percent of the parity price of manufacturing milk and butterfat at the beginning of the marketing year. Support prices at this lower level would be \$3.03 per hundredweight for manufacturing milk and 56.2 cents per pound for butter fat, based on the current parity price.

"The committee has just completed hearings on dairy-product-price supports and has received a number of varying views as to what action should be taken. It is clear that a satisfactory, long-range program cannot be worked out before the end of this month. The committee feels that substantial harm would be done to dairy farmers and to the program if support prices are permitted to drop temporarily."

14. **FOREIGN TRADE; SURPLUS COMMODITIES.** The Agriculture and Forestry Committee reported (Mar. 8) without amendment S. 3420, to extend Public Law 480 (S. Rept. 1357). p. 3292



15. CORN. The Agriculture and Forestry Committee reported an original bill, S. 3441, "to provide for a minimum acreage allotment for corn" (S. Rept. 1370). p. 3301
16. WHEAT. The Agriculture and Forestry Committee reported without amendment S. 3406, with respect to wheat acreage history. Sen. Schoeppel explained that the bill would "suspend the loss of acreage penalty for overplanting for the 1958 harvest, as provided in Public Law 85-203 ... leaves intact the provisions of Public Law 85-203 with respect to wheat acreage credit --- permits the provisions of Public Law 85-203 to become fully effective as to wheat acreage credit for the 1959 crop, and subsequent years." pp. 3301, 3339-40
17. FOREIGN TRADE; PRICE SUPPORTS. Sen. Schoeppel inserted a statement by the Committee of Kansas Farm Organizations supporting the 5-year extension of the Trade Agreements Act and lower tariffs, on the ground that such special subsidies were unfair to the farmer, and urging continuation of present price supports until "some better method of handling the situation is devised." pp. 3319-20  
Sen. Fulbright inserted two articles and an editorial about Sen. Monroney's proposal for an international development association. pp. 3335-7  
Sen. Humphrey urged that the U. S. grant India \$900 million in direct economic aid, and inserted two articles on "India: Deepening Crisis." pp. 3342-6
18. SECOND SUPPLEMENTAL APPROPRIATION BILL. Began debate on this bill, H. R. 10881. pp. 3312, 3342, 3346-93  
Agreed to the Committee amendments en bloc, and the bill as thus amended became original text for purposes of further amendment. p. 3346  
Agreed to an amendment by Sen. Knowland to provide \$3,500,000 for construction of a sports arena on forest lands for the 1960 Olympic Winter Games. pp. 3363-70  
Rejected an amendment by Sen. Proxmire to provide that no part of the funds for the acreage reserve program shall be used to authorize compensation to any one individual or corporate participant in excess of \$3,000. pp. 3373-77  
Rejected, 36 to 48, a motion by Sen. Hayden to suspend the rules for consideration of his amendment to provide for a 30 percent increase in acreage allotments for cotton; he stated that otherwise his amendment would be subject to a point of order. pp. 3377-93  
A point of order was sustained against an amendment by Sen. Proxmire which would have provided that, with regard to funds for the acreage reserve program, "the same \$3,000 limitation which was applicable to the original \$500 million authorization shall also apply to the additional \$250 million authorized herein, so that a single producer or participant may receive no more than \$3,000, whether he operates 1 or more than 1 farm (except for winter wheat)." pp. 3370-73  
Following are additional excerpts from the committee report on this bill:  
Translations (Commerce Department): "Funds for the initiation of a program to make available to American science and industry translations of foreign documents in the fields of technology and applied science are requested in the regular 1959 budget, and this committee, like the House committee, expects to consider this matter further during the hearings on that estimate. Therefore, this committee agrees with the House in not recommending funds for this item at this time."



## EXTENSION AND AMENDMENT OF PUBLIC LAW 480

MARCH 8, 1958.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry,  
submitted the following

## REPORT

[To accompany S. 3420]

The Committee on Agriculture and Forestry reported an original bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, with a recommendation that it do pass.

## SHORT ANALYSIS

This bill would—

(1) Extend titles I and II of Public Law 480, 83d Congress (the Agricultural Trade Development and Assistance Act of 1954) for 2 years, until June 30, 1960;

(2) Increase the title I authority, to provide an additional \$500 million for the balance of the current fiscal year and \$1.5 billion for each fiscal year thereafter during the period for which title I is extended;

(3) Enlarge the uses which may be agreed upon for the foreign currencies acquired under title I to include (a) the educational exchange of agricultural leaders, labor leaders, journalists, and civic leaders; and (b) assistance to schools and workshops;

(4) Amend section 303 of Public Law 480 (the barter provision) to provide for an expanded barter program;

(5) Permit duty-free entry of nonstrategic materials (in addition to strategic materials) bartered to Commodity Credit Corporation; and

(6) Prohibit discriminatory treatment of extra long staple cotton under Public Law 480.

## SECTION-BY-SECTION ANALYSIS

## Section 1

This section increases the authority for sales for foreign currencies under title I of Public Law 480 by \$3.5 billion, and puts the authori-

zation on a fiscal year basis at \$1.5 billion per year. Since the amount of authorization which has been available in the current fiscal year was limited to the \$1 billion provided last August, the increase in authority for the year to \$1.5 billion provides an additional \$500 million for this year. Amounts authorized for any fiscal year and not used in that year are carried over to succeeding fiscal years. The authority would also be applied to "agreements entered into," rather than "transactions carried out," since agreements will clearly fall into one fiscal year or another, while transactions may be carried out over a period extending over more than a single fiscal year.

While a former provision that the authority shall not be apportioned by year or by country and shall be considered as an objective has been omitted from the law, as it would be amended, the committee still regards the limitation as a guide to the level of program operations desired as long as the supply of commodities is in excess of effective demand.

The amount originally authorized for this program, when Congress enacted Public Law 480 in 1954, was \$700 million. This was increased to \$1.5 billion by Public Law 387, 84th Congress on August 12, 1955; then to \$3 billion by Public Law 962, 84th Congress on August 3, 1956; and finally to \$4 billion by Public Law 85-128 on August 13, 1957. The \$3 billion authorized prior to the enactment of Public Law 85-128 was used up prior to the beginning of the current fiscal year, and the \$1 billion authorized by Public Law 85-128 is not adequate to cover this year.

The estimated CCC cost, including ocean transportation, of commodities covered by agreements signed in the fiscal year ended June 30, 1957, was slightly in excess of \$1.5 billion. The Department testified on January 17 of this year that they had then committed or were about to commit all of the \$1 billion additional authorization which had been provided on August 13 of the current fiscal year, and it might well be that another half-billion dollars could be used during this fiscal year if the additional authorization were obtained early enough. The committee has no reason to anticipate that the amount required for the next 2 fiscal years, will be substantially less than was required for the fiscal year which ended last June or the fiscal year ending next June. In fact the Assistant Secretary of Agriculture testified on February 5 as follows:

The request for a larger authorization this year is caused by changing world conditions. The dollar position of several countries has worsened and greater demand has resulted from poor harvests overseas. Shipments under past programs, particularly wheat for India, have been accelerated. In addition, we would expect to program part of the new authorization before June 30 if the extension is granted soon enough.

At the same time the Assistant Secretary testified as to the importance of providing adequate authorization as follows:

In the title I program, orderly programing and shipping is extremely important. These are dependent on continuous programing without time out between utilization of separate authorizations. We have run into periods when title I programing has come to a standstill; for example, the development of new agreements virtually ceased in January 1957



when our authorization was almost exhausted. The availability of funds during the following months would have avoided a backlog of program requests from interested countries. This backlog resulted in the necessity to scale down, delay, or exclude country programs, and in erratic shipment performance. Shipments were running about 800,000 tons a month last spring; these dropped off to less than 400,000 tons and are now just starting to increase again. It is possible that this same condition will exist again unless an extension is granted early in this session of Congress.

In view of this testimony the committee feels that it would be a serious mistake to provide less than the \$500 million which can be used this fiscal year, and at least as much for each of the next 2 fiscal years as was used in the year last ended.

### *Section 2*

This section increases the uses to which foreign currencies generated by title I sales may be put by amending section 104 (h) and adding a new section 104 (k).

The amendment to section 104 (b) permits the use of such currencies in financing exchanges under title II of the Smith-Mundt Act. These currencies are now available for exchanges under the Fulbright Act and this simply permits their use to help finance exchanges of farm youth and specialists in such fields as agriculture, labor, and industry. The existing provision does not permit use of these currencies for this purpose unless the participants are affiliated with an educational institution.

The addition of the new subsection (k) permits the use of such currencies for three additional uses. First, it permits assistance to established American-sponsored educational institutions abroad, with special reference to those engaged in vocational, professional, scientific, and technological education. These institutions can play an ever-increasing role in helping the people of the other countries to help themselves. Second, it provides for supporting workshops abroad in American subjects. This permits the bringing together of American teachers and professors abroad to give intensive instruction and training to foreign nationals in subjects such as American history or the teaching of the English language. The cost of bringing together groups of foreign teachers of English or American history for such instruction will be relatively inexpensive compared with the cost of bringing them to this country. At the same time, use can be made of the facilities of foreign governments and institutions. Third, it would provide for supporting chairs in American studies. The use of these funds in supporting chairs of American studies in selected educational institutions abroad will help to meet a real need. Opportunities exist for placing American and American-trained teachers and professors in educational institutions abroad in a way that they will have a continuing effect in the educational process of foreign nationals. This will provide a means, and in many cases perhaps the only means, of giving to these people some understanding of the United States.

### *Section 3*

This section extends the authority to enter into new agreements for the sale of surplus agricultural commodities for foreign currencies under title I for 2 years, until June 30, 1960. When enacted in 1954,

Public Law 480 provided for agreements being entered into over a 3-year period ending June 30, 1957. In 1957 this authority lapsed until August 13, 1957, when Public Law 85-128 extended it to June 30, 1958. The importance of continuous programing was pointed out by the Assistant Secretary in his testimony quoted herein in the discussion of section 1. A 2-year extension was supported by each of the three major general farm organizations.

#### *Section 4*

This section extends the authority to undertake programs of assistance to friendly peoples in meeting famine or other urgent or extraordinary relief requirements under title II of Public Law 480 for 2 years, until June 30, 1960. Like the authority under title I, this authority expired on June 30, 1957, and was revived on August 13, 1957, until June 30, 1958.

#### *Section 5*

This section makes several changes in section 303 of Public Law 480, designed to expand the barter program to one under which barter agreements involving approximately \$500 million worth of surplus agricultural commodities will be entered into in each fiscal year. The amendments which would be made in section 303 would be as follows:

First. At present the Secretary is directed to barter whenever he has reason to believe that there is an opportunity to protect the funds and assets of CCC thereby. This section would remove the necessity for this finding and direct him to barter to the maximum extent practicable within the \$500 million annual limit prescribed by the amendment. Barter transactions occur in approximately the following manner: The barter contractor trades materials to Commodity Credit Corporation for agricultural commodities. The barter contractor, if he is not himself an exporter of the agricultural commodities, is likely to select someone who is such an exporter to export the commodities for him. The exporter then exports the commodities for dollars or other exchange. Barter arrangements of this type contribute to increased exportation of agricultural commodities in two ways as follows: (1) The barter contractor pays the exporter a commission, or in some similar manner, the exporter is enabled to reduce the export price slightly and thereby sell the commodity; and (2) the purchase of barter materials in foreign countries generates dollar exchange which may return to purchase agricultural commodities. In May 1957, the Department revised the barter program to include a number of provisions designed to assure that barter transactions did not replace dollar sales. These changes were considered necessary by the Department to meet the requirements of the provision for the protection of the funds and assets of CCC. Since these changes were made the barter program has practically ceased. The average 6-month volume for the period 1954 through 1957 was \$149 million. The volume for the first 6 months of 1957 was \$125.1 million. The volume for the second 6 months of 1957 dropped to \$3 million. This section would require expansion of this volume to \$500 million for the 12 months included in each fiscal year. It is the purpose of this section, in repealing the provision relating to the protection of the funds and assets of the Commodity Credit Corporation, to remove the necessity for a finding by the Secretary that a program of the type described herein does furnish such protection. By this amendment



Congress takes the responsibility for determination that the program itself furnishes such protection. While the Secretary is not required to make any determination with respect to the program itself, he would, of course, be required to exercise ordinary good business judgment in making trades totaling, if at all practicable, \$500 million. He would still be required to obtain value and acquire materials of eventual value to the United States.

Second. The direction of section 303 to barter for materials entailing less risk of loss or substantially less storage charges at present is limited to strategic materials. The amendment would extend this direction to any materials of which the United States does not produce its requirements and which meet the requirements as to less risk of loss or less storage charges. This change would provide additional opportunities for barter and assist the Department to expand the program to the full \$500 million level provided for by this section.

Third. This section would limit the value of the surplus agricultural commodities covered by barter agreements entered into in any fiscal year under section 303 to \$500 million. At present there is no limit on the volume of transactions which may be undertaken, it being left to the Secretary's discretion. Since this section would now direct the Secretary to undertake a larger program than is provided for by his May 1957 regulations, the bill also specifies a limit for such expanded program.

Fourth. This section amends section 303 to prescribe that no material shall be excluded from barter under section 303 by reason of the fact that it has been domestically processed if provision is made for the importation of an equivalent amount of similar raw materials.

#### *Section 6*

This section permits duty-free entry of nonstrategic materials acquired by the Commodity Credit Corporation through barter. Section 206(b) of the Agricultural Act of 1956 now permits duty-free entry of strategic materials so acquired and this would extend it to nonstrategic materials. The amendment made by this section to section 206(a) of the Agricultural Act of 1956 makes no change in substance since section 206(a) is now applicable to strategic "and other materials."

#### *Section 7*

This section prohibits discrimination in the treatment of extra long staple cotton under Public Law 480. When Public Law 480 was last extended the statement of managers explaining the conference report on the extension bill (S. 1314, 85th Cong., H. Rept. No. 683) contained the following statement which had been agreed upon by the Senate and House conferees:

#### BASIC OBJECTIVES OF THE ACT

The conferees take this occasion to specifically reaffirm the statements with respect to the basic objectives of Public Law 480 and the operations thereunder which were contained in the committee reports of the two Houses on this legislation. Specifically, the conference committee believes that the provisions of Public Law 480 should be utilized to the fullest to develop new and expanded markets abroad for the products

of American agriculture. In this connection the committee of conference expects that extra long staple cotton will be sold under the authority of this act, as is upland cotton, to any friendly nation without regard to the fact that this commodity may compete with a similar commodity produced outside the United States, and that all surplus agricultural commodities regardless of the kind will be made available for sale under the act without the imposition of conditions which would prevent or tend to interfere with their sale. Rather than in any way seeking to discourage or impede the sales of such surplus commodities, their sales should be emphasized if it appears that by such sale under this act a future market for dollars, in the regular course of international trade, may be established for such commodities.

The Department of Agriculture was questioned on February 11 concerning a newsletter statement that—

Spain didn't want Sudanese extra long staple cotton even if their prices were lower. Spain prefers our extra long staple, even at higher prices, but State Department barred exports of our extra long staple even though USDA has for 2 months declared it in surplus—has to, because of the legal formula that applies. State Department even asked USDA to refrain from exporting long staple cotton because of fear of getting in bad with Egyptians and Sudanese.

The Department advised that the law made it incumbent upon them to declare extra long staple cotton in surplus and that this was done. Subsequently it was withdrawn on a temporary basis because of an extremely sensitive situation in the Middle East. The Department advised that it already had adequate authority but that the amendment would do no great harm and the State Department subsequently advised that the situation which had given rise to the problem was now clarified and that there would be no objection to the movement of extra long staple cotton under the program.

Third, the committee amendment to the title would simply correct the reference to the act being amended.

#### HEARINGS

The committee conducted 2 days of hearings on the bill. No witnesses appeared in opposition to it, and the action of the committee in ordering the bill reported was unanimous, although individual exceptions were made to some portions. As a further basis for the committee's action, an extensive study of operations under the program was conducted throughout the past year, including 10 days of hearings last June and July during which testimony was taken from 71 witnesses. A comprehensive report on this study submitted to the committee by Senator Humphrey indicates strong support for amendments included in the bill. While the committee earlier had reported S. 3039, it agreed at that time to give further consideration to additional amendments proposed in Senator Humphrey's report, which had just been made available to it. As a result of that further consideration the additional changes were approved by the committee in reporting the present bill to replace the earlier report on S. 3039.



## NEED FOR EXTENSION OF THE ACT

When Public Law 480 was passed, the Commodity Credit Corporation's investment in agricultural commodities was valued at \$6 billion. This investment continued to rise in the next 2 years and totaled \$8.2 billion on June 30, 1956. As disposal programs, including CCC exports for dollars at world prices, began to have full effect, this rise in investment was arrested and a downward trend was started. CCC's investment in agricultural commodities on June 30, 1957, was \$7.3 billion. It is estimated by the Department that CCC's investment in commodities as of June 30, 1958, will be reduced to about \$6.8 billion. These reductions, resulting mainly from disposals of wheat and cotton, would have been greater, the Department advises, except for the extremely large harvest of feed grains last year.

It appears likely that United States agricultural production will continue at a high level and that CCC will continue to take over production in excess of domestic use and commercial export outlets. Dollar exports are expected to decline from the high level reached during the year ending June 30, 1957, due, in part, to the worsened dollar position of many countries. In presenting the recommendations of the Department of Agriculture for extension of the act, the Assistant Secretary of Agriculture stated on February 5 that—

The program has made it possible for us to make constructive use of our agricultural surpluses at home and abroad.

To permit continuation of these activities we are recommending: That foreign currency sales under title I be extended for 1 year through June 30, 1959, that the authorization be increased by \$1.5 billion, and that title II, which authorizes the use of food for emergency relief abroad, also be extended for 1 year. Balances available from the current \$800 million authorization for title II, however, are sufficient to permit continuation of operations for the additional period. Title III which provides for donations through voluntary relief agencies and for barter transactions does not have an expiration date under the act.

This morning the Department announced the signing of a title I agreement with the Republic of Korea. This brings the value of agreements to date to more than \$3.6 billion at CCC cost and more than \$2.5 billion at export market value. This means that we have less than \$400 million at CCC cost remaining and programs now being finalized are expected to exhaust this balance very soon. We are hopeful, therefore, that prompt consideration will be given to an extension.

## SUMMARY OF OPERATIONS

Agreements already signed provide for the shipment of 550 million bushels of wheat, 3 million bales of cotton, 25 million bags of rice, 1.8 billion pounds of vegetable oil, 133 million bushels of feed grains, 175 million pounds of tobacco, 150 million pounds of meat, 225 million pounds of lard, 162 million pounds of dairy products, 197 million pounds of fruit and vegetables, as well as other commodities.

In 1955-56, the first full year of operation of title I, foreign currency shipments totaled \$427 million at export market value, or 12 percent of

total United States agricultural exports. During 1956-57 title I shipments amounted to \$900 million, nearly 20 percent of the record-breaking \$4.7 billion total achieved.

Agreements signed to date will result in foreign currency payments of more than \$2.5 million. About 60 percent of the total will be used for economic development purposes in importing countries, about 10 percent will be used to support the defense forces of our allies, and the remaining 30 percent is planned for meeting United States expenses overseas and expanding certain United States programs.

Title I originally provided for an authorization of \$700 million in terms of what it costs the Government to supply commodities under the program. The value of these commodities at current world prices, of course, is considerably less. This authorization has been raised three times and now is \$4 billion. Over \$3.6 billion of this limit has moved or will move under more than 100 agreements signed with 35 friendly countries. Agreements totaled about \$500 million in the year ending June 30, 1955, \$1 billion in 1955-56, and \$1.5 billion last year.

The bulk of the commodities included in these agreements has already been exported and the increase in title I shipments from year to year has been one of the major factors leading to the rise in our total agricultural exports. In 1954-55 our agricultural exports had a market value of \$3.1 billion. Title I shipments were small that year, accounting for 3 percent of the total. In 1955-56 our agricultural exports rose to \$3.5 billion. Title I accounted for 12 percent of the total. In 1956-57, the year ending last June 30, agricultural exports rose to an all-time high of \$4.7 billion. Title I shipments made up almost 20 percent of the total, or about \$900 million.

The value and quantity of commodities which have been programed under agreements signed during fiscal year 1958, and cumulative totals, are shown later in this report in tables I and II.

#### USES OF FOREIGN CURRENCIES

Foreign currencies received in payment for commodities are deposited to the account of the United States overseas and are used for purposes authorized in section 104 of Public Law 480 and specified in the sales agreement. Several department and agencies have responsibility for administering the expenditure of these currencies. For example, the Department of Agriculture is concerned with the use of currencies for agricultural market development purposes; the International Cooperation Administration for currencies loaned back to importing countries for economic development purposes; and the Export-Import Bank of Washington for currencies loaned to private business firms.

About \$43 million in currencies has been tentatively earmarked for agricultural market development under existing agreements. To date, more than \$9 million of this is being obligated for approved projects together with contributions by private trade organizations cooperating in these projects of nearly \$3 million. Results of these promotion efforts are already evident in some instances. Cotton promotion projects undertaken in 21 countries have been a factor in the free movement of cotton overseas and should continue to encourage exports for some time to come. The title I poultry sale to the Republic



of Germany plus a promotion project resulted in dollar purchases by that country of more than 4 million pounds of poultry in 1957. Particularly good results have been obtained in Japan in maintaining United States wheat and tallow exports and increasing the use of United States leaf tobacco. Commercial supermarkets have been opened up in Italy because of the success of a supermarket exhibit held during a trade fair there. These new markets are now selling many United States grocery items which had not been made available in Italy to any great extent. We believe that as more projects are undertaken and more products exhibited at trade fairs our export markets for many commodities will widen considerably.

More than half the foreign currencies expected to accrue under existing agreements will be loaned back to importing countries for use in economic development projects agreed upon with the International Cooperation Administration. Considerable emphasis is placed upon coordinating plans for the use of these funds with the overall development programs of these countries. In approving loan projects for agricultural purposes care is exercised to avoid encouragement of production which would result in reduced outlets for United States agricultural commodities.

The extension of Public Law 480 granted in August 1957 provided for relending of foreign currencies, largely to United States firms and their affiliates, to assist in the development and expansion of private business in foreign countries. The equivalent of about \$45 million will be reserved for these purposes in agreements negotiated this fiscal year with France, Greece, Israel, Korea, Mexico, and Pakistan. These funds will be available to private business firms through the Export-Import Bank of Washington when commodities under these agreements are shipped and paid for and proceeds assigned to the bank.

Currencies are also being used for the payment of United States expenses abroad; for the procurement of military services and equipment for military assistance; for educational exchange programs; for assistance to American-sponsored schools, libraries, and community centers; for the translation, publication, and distribution of books and periodicals; and for the purchase of goods for other friendly countries. Details on the planned uses of these currencies are shown in table III.

#### ALLOCATION OF PROGRAM COSTS

This committee's report on S. 1314 of this Congress (S. Rept. 188) contained the following recommendation:

Unfortunately, most of the publicity which has been given to Public Law 480 has emphasized, exclusively, the benefits that American agriculture has received from the program. The committee considers it highly important that this situation be corrected, and that the benefits to nonagricultural interests be shown in their true light. Therefore, the committee recommends that, in the future, all accounts and estimates concerning the cost of the program clearly differentiate between that part of the cost attributable to agricultural programs and that part attributable to nonagricultural programs. They should also show

that part of the amount attributable to nonagricultural programs which is reimbursable from appropriations for other agencies and that which is not. The difference between the export value and the Corporation's investment in commodities exported under the program should be shown as a separate item.

The committee would like to reiterate that recommendation at this time and urge the Bureau of the Budget, the Department of Agriculture, and other agencies, in their accounts and statements dealing with price-support program costs, to make a clear differentiation between those costs which may properly be charged to price supports and those which may properly be charged to another purpose. Thus, in the case of donations under title II of Public Law 480 for famine relief, the market value of the commodities donated, as well as the expense involved in making the donation, should be charged to famine or other relief and should not be described as an expense "primarily" for price support. Similarly, cash transfers to the armed services or to schools to supplement the diets of the services and of school children and the market value of commodities donated for domestic relief, food donated to unemployed, service diet supplements, or other purposes should be clearly shown for what they are.

#### DEPARTMENTAL VIEWS

Attached are reports of the Department of Agriculture on S. 3039 and S. 3223.



TABLE I.—Commodity composition of programs under title I, Public Law 480 agreements signed July 1, 1957, through Feb. 5, 1958, and cumulative totals

[Million dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation	Estimated CCC cost including ocean transportation
Fiscal year 1958 agreements:												
France					2.5				2.5	0.1	2.6	2.6
Greece	11.4	4.7				0.6			16.7	3.1	19.8	32.7
Israel	9.3	15.9		0.8		10.6	2.1	20.1	31.8	3.2	35.0	57.3
Korea	24.5	26.6							40.4	9.6	50.0	78.3
Mexico			14.4						26.6	1.6	28.2	65.6
Pakistan	36.6					2.2	.3		53.5	11.9	65.4	99.7
Poland	24.6	1.5		17.1					43.2	3.4	46.6	66.8
Spain		5.0		11.8	5.3	1.0	41.8		64.9	4.2	69.1	78.5
Turkey	15.4	3.0				2.2	21.4		42.0	4.8	46.8	62.4
United Kingdom								38.0	8.0		8.0	8.0
Yugoslavia	37.8			15.1			9.9		62.8	7.2	70.0	98.0
Total agreements, July 1, 1957–Feb. 5, 1958	159.6	65.4	14.4	44.8	8.0	16.6	75.5	8.1	392.4	49.1	441.5	649.9
Total agreements, fiscal year 1955, 1956, and 1957	763.9	95.4	150.6	406.6	110.7	22.3	275.2	48.2	1,872.9	222.9	2,095.8	3,010.4
Total, all agreements, fiscal year 1955, 1956, 1957, and 1958	923.5	160.8	165.0	451.4	118.7	38.9	350.7	56.3	2,265.3	272.0	2,537.3	3,660.3

<sup>1</sup> Includes only ocean transportation to be financed by CCC.<sup>2</sup> Dried prunes.<sup>3</sup> Fresh, dried, and canned fruits.

TABLE II.—Approximate quantities of commodities under title I, Public Law 480 agreements signed July 1, 1957, through Feb. 5, 1958, and cumulative totals

Country	Wheat and flour	Feed grains <sup>1</sup>	Rice	Cotton	Tobacco	Dairy products <sup>2</sup>	Fats and oils <sup>3</sup>	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
<b>Fiscal year 1958 agreements:</b>	<b>1,000 bu</b>	<b>1,000 bu.</b>	<b>1,000 cwt.</b>	<b>1,000 bales</b>	<b>1,000 lb.</b>	<b>1,000 lb.</b>	<b>1,000 lb.</b>	<b>1,000 lb.</b>	<b>1,000 cwt.</b>	<b>1,000 lb.</b>	<b>1,000 lb.</b>	<b>1,000 cwt.</b>
France.....	6,798	4,268			4,500	4,304						
Greece.....	5,545	7,480			231	45,987						
Israel.....	14,444	16,140		5.0			14,763			4,882		
Korea.....		20,501										
Mexico.....												
Pakistan.....	21,851		2,182			3,998	2,001					
Poland.....	14,239	1,560		106.9								
Spain.....		3,937		69.4	8,833	( <sup>b</sup> ) 259,225						
Turkey.....	9,086	2,825				9,952	143,624					
United Kingdom.....										671,992		
Yugoslavia.....	22,145			95.1			65,455					
<b>Total agreements, July 1, 1957-Feb. 5, 1958.....</b>	<b>94,108</b>	<b>56,711</b>	<b>2,182</b>	<b>276.4</b>	<b>13,564</b>	<b>64,241</b>	<b>485,068</b>			<b>72,874</b>		
<b>Total agreements, fiscal years 1955, 1956, and 1957.....</b>	<b>455,258</b>	<b>76,252</b>	<b>23,325</b>	<b>2,706.2</b>	<b>160,860</b>	<b>97,969</b>	<b>1,761,004</b>	<b>3,000</b>	<b>44</b>	<b>123,952</b>	<b>150,962</b>	<b>9</b>
<b>Total agreements, fiscal years 1955, 1956, 1957, and 1958.....</b>	<b>549,366</b>	<b>132,963</b>	<b>25,507</b>	<b>2,982.6</b>	<b>174,424</b>	<b>162,210</b>	<b>2,246,072</b>	<b>3,000</b>	<b>44</b>	<b>196,826</b>	<b>150,962</b>	<b>9</b>

<sup>1</sup> The breakdown of this category is as follows:

	Thousand bushels
Corn.....	31,091
Oats.....	1,389
Barley.....	15,985
Grain sorghums.....	1,947
Feed grains.....	6,299
<b>Total.....</b>	<b>56,711</b>

<sup>2</sup> The breakdown of this category is as follows:

	Thousand pounds
Evaporated milk.....	4,176
Dried whole milk.....	541
Nonfat dry milk.....	25,252
Cheese.....	11,192
Butter.....	18,718
Ghee.....	3,998
Butter oil.....	364
<b>Total.....</b>	<b>64,241</b>

<sup>3</sup> The breakdown of this category is as follows:

	Thousand pounds
Cottonseed and/or soybean oil.....	479,452
Tallow and/or grease.....	5,616
<b>Total.....</b>	<b>485,068</b>

<sup>4</sup> Dried prunes.

<sup>5</sup> Not available.

<sup>6</sup> Dried, fresh, and canned fruit.



TABLE III.—Planned uses of foreign currency under title I, Public Law 480, agreements signed July 1, 1957, through Feb. 5, 1958, and cumulative totals<sup>1</sup>

[Million dollars]

Country	Total amount programmed (market value ocean transportation)	Market development (sec. 104 (a))	Purchase of strategic material (sec. 104 (b))	Military procurement (sec. 104 (c))	Purchase of goods for other countries (sec. 104 (d)) <sup>2</sup>	Grants for multilateral trade and economic development (sec. 104 (e))	Loans to private enterprise (sec. 104 (e))	Payment of United States obligations (sec. 104 (f)) <sup>3</sup>	Loans to foreign governments (sec. 104 (g))	International education exchange (sec. 104 (h))	Translation and publication (sec. 104 (i))	Information and education (sec. 104 (j))
Fiscal year 1958 agreements:												
France	2.6	0.5			0.2		0.6	0.3		1.0		
Greece	19.8						2.9	5.0	10.9			1.0
Israel	35.0	.3					8.7	5.0	21.0			
Korea	50.0			41.0			2.0	7.0				
Mexico	28.2	2.5					7.1	2.9	13.6	1.2		.9
Pakistan	65.4	.7		5.0			16.4	9.9	30.8	1.1	1.0	.5
Poland	46.6				( <sup>2</sup> )			46.6				
Spain	69.1	1.0						37.0	31.1			
Turkey	46.8						7.0	19.1	18.7			2.0
United Kingdom	8.0	3.3						4.7				
Yugoslavia	70.0							17.4	52.6			
Total agreements	441.5	8.3		46.0	.2		44.7	154.9	178.7	3.3	1.0	4.4
Uses as percent of total	100.0	1.9		10.4	.1		10.1	35.1	40.5	.7	.2	1.0
Total agreements, fiscal year 1955, 1956, and 1957	4 2,089.8	34.9	2.0	244.5	42.7	61.5		501.6	1,170.3	19.9	2.3	10.1
Total all agreements, fiscal year 1955, 1956, 1957, and 1958	4 2,531.3	43.2	2.0	290.5	42.9	61.5	44.7	656.5	1,349.0	23.2	3.3	14.5

<sup>1</sup> Amounts shown in this table are subject to adjustment when actual purchases and allocations have been made.<sup>2</sup> Unspecified amount for possible procurement for 3d countries. Amounts shown in this column indicate a specified amount in the agreement for this use.<sup>3</sup> In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under secs. 104 (a), (b), (f), (h), and (i). In some instances, possible uses under sec. 104 (d) are also included in this category. Therefore, estimates based on the best information now available are indicated above under subsec. (a), (b), (h), and (i). Balances not otherwise distributed are included under subsec. (f). This distribution is subject to revision when allocations have been completed.<sup>4</sup> Total market value differs from total in table I by the \$6 million estimated for ocean differential in the Indian agreement for which no rupee deposits will be required.

## EXHIBIT A

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
Washington, February 17, 1958.

HON. ALLEN J. ELLENDER,  
*Chairman, Committee on Agriculture and Forestry,  
United States Senate.*

DEAR SENATOR ELLENDER: This is in response to your request of January 17, 1958, for a report on S. 3039 which proposed to amend the Agricultural Trade Development and Assistance Act of 1954, as amended.

This bill would increase the maximum amount to be appropriated to reimburse the Commodity Credit Corporation for commodities disposed of and costs incurred under title I of the act, from \$4 billion to \$5.5 billion. The bill would also extend the terminal date, through which title I and title II transactions can be undertaken, from June 30, 1958, to June 30, 1959.

We favor the extension of this act as part of the Farm Food and Fiber Act (S. 3049). This temporary disposal program needs to be part of a farm program that will effectively bring the supply of farm products into better balance with market demand.

However, this program must not be allowed to become a device to postpone needed price support and production adjustments. In some instances the movement of basic commodities under Public Law 480 results, under the current escalator provisions of legislation, in higher price supports than would otherwise prevail. For example, on February 7 we announced the price support for cotton at 81 percent of parity. There is no question that this price support is substantially higher than it would have been in the absence of the exports under Public Law 480. This comes at a time when the cotton industry is having difficulties competitively with synthetics and foreign mills. Thus the effect of moving surpluses under Public Law 480 is resulting in incentives to build another surplus. It is not desirable to keep farmers continually under the shadow of price-depressing surpluses.

This program is desirable within our overall policy framework of expanding markets. However, maintaining a range of support prices which is too narrow to permit the commercial growth of markets needed to absorb our production prevents the needed expansion. Therefore, we favor the extension of the Agricultural Trade Development and Assistance Act with the additional \$1.5 billion authorization as part of S. 3049.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary.*



DEPARTMENT OF AGRICULTURE,  
*Washington, D. C., March 3, 1958.*

HON. ALLEN J. ELLENDER,  
*Chairman, Committee on Agriculture and Forestry,  
United States Senate.*

DEAR SENATOR ELLENDER: This is in response to your letter of February 5, 1958, requesting a report on S. 3223, a proposed bill to amend the Agricultural Trade Development and Assistance Act of 1954, as amended.

We favor the extension of Public Law 480 as part of the Farm Food and Fiber Act, S. 3049. It is important that changes in the farm legislation provide for moving toward a better balance between production of farm products and market demand. The administration will also propose certain additional amendments of Public Law 480 in the near future, some of which are mentioned below.

The following recommendations are submitted:

#### TITLE I—SALES FOR FOREIGN CURRENCY

*Extension of programing.*—The proposed bill would increase the title I authority from \$4 billion to \$4.5 billion at cost to the Commodity Credit Corporation to finance foreign currency sales concluded through June 30, 1958, and would provide a new authorization of \$3 billion at market value for programing between July 1, 1958, and June 30, 1960. The proposal would also delete the clause which describes the title I authority as an objective to be reached as rapidly as possible within the safeguards of the act.

We oppose these amendments.

The administration has proposed that the title I authority be increased from \$4 billion to \$5.5 billion at CCC cost and that the terminal date of the program be extended for 1 year to June 30, 1959. This additional authority would permit orderly programing and maintenance of title I exports through fiscal year 1959 at about the level attained in fiscal year 1957. The administration construes title I, Public Law 480, as a temporary means of moving accumulated agricultural surpluses abroad in a constructive manner. Therefore, the extension of the act should be limited to 1 year to afford annual congressional review of the program.

If monetary limitations are to be made applicable to particular periods, such limitations should not apply to transactions carried out but should apply to agreements entered into by the President under title I.

We would have no objection to deletion of the clause describing the title I authorization as an objective to be reached as rapidly as possible.

*Section 104 (h).*—The proposed bill would amend section 104 (h) to authorize use of currencies generated by title I sales on a grant basis for financing Smith-Mundt exchange programs in addition to the Fulbright educational exchange programs now authorized.

We favor the proposed amendment.

The use of currencies under section 104 (h) now is limited to academic exchanges such as students and professors. The amendment would permit such exchanges as agricultural leaders, labor leaders, journalists, and civic leaders.

In addition, we expect to submit shortly a proposal to amend this section to permit use of these funds to finance travel costs of dependents accompanying participants in the program.

*Section 104 (j).*—The proposed amendment would delete the clause which states “but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor.”

We favor the proposed amendment.

The clause which would be deleted makes it necessary to set out separately in each title I agreement the amount to be used for American-sponsored schools, libraries, and community centers so that such use will not be subject to the appropriation process. The necessity of doing this eliminates the flexibility which is achieved by “lumping” in the agreements the amount of currency intended for several United States uses so that the amount for each specific use may be determined by the United States later.

*Section 104 (k).*—New section 104 (k) would expand assistance to American-sponsored schools presently authorized in section 104 (j) and would permit grants for the establishment of new schools. We would favor a modified form of this amendment and such a proposal we expect to submit shortly.

*Section 104 (l).*—New section 104 (l) would permit assistance to either public or private educational or vocational institutions whether foreign or American sponsored. We oppose this amendment since such assistance may be furnished under either section 104 (e) or 104 (g) to the extent that such expenditures will contribute to economic development.

*Section 104 (a).*—New section 104 (m) would provide assistance to reconstruction, rehabilitation, health, self-help, and other technical assistance-type projects of American voluntary agencies.

We oppose new section 104 (m).

We believe that one of the most valuable features of the American voluntary agencies' program is that help is furnished on a people-to-people basis. This concept would be breached by the use of funds arising from an agreement between the United States and a foreign government to finance technical assistance-type programs undertaken by the voluntary agencies. In addition, turning over public funds for use by voluntary agencies, most of which are sectarian, would raise difficult administrative problems.

*Section 104 (n).*—New section 104 (n) would provide for the financing of research projects in foreign countries to find new uses for United States agricultural commodities.

This new section is unnecessary since this activity is already authorized and is being undertaken under section 104 (a).

## TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

*Extension of programing.*—The amendment proposes that the present title II authority of \$800 million at CCC cost would expire on June 30, 1958, and would provide a new authority of \$500 million for programing between July 1, 1958, and June 30, 1960.

We oppose this amendment.

The administration has recommended that the current \$800 million authorization is sufficient for a 1-year extension of the program to



June 30, 1959. Moreover, the provision for expiration of existing authority on a fiscal year basis would unduly complicate administration of this type of program.

*Sections 201 and 202.*—The amendment would authorize the use of CCC funds for the purchase of non-price-support commodities to be donated abroad under title II.

We oppose this amendment since the basis for the title II legislation is to utilize commodities already in CCC inventory in providing assistance to friendly peoples.

#### TITLE III—GENERAL PROVISIONS

*Sections 302 and 416.*—The amendment provides that nonfood commodities may be donated under programs authorized by section 416 of the Agricultural Act of 1949. This amendment would permit donations in the United States and abroad of commodities such as cotton.

We oppose this amendment.

The donation of nonfood commodities would involve expensive processing costs and would result in greatly increased costs in relation to the quantity of commodities which would be moved. In the case of cotton, for instance, at current mill margins, processing and finishing costs for sheeting, which is one of the lowest cost fabrics, would be in excess of \$100 a bale. In addition, administrative costs to supervise the program would be relatively high. We do not believe that such a program could be operated without serious impact upon regular commercial markets for these products, particularly in the United States.

*Section 303.*—The proposed amendment would establish a \$500 million yearly ceiling on barter transactions unless a higher level is approved by Congress. It directs the Secretary of Agriculture to protect the funds and assets of CCC by barter for nonstrategic materials as well as strategic materials.

We oppose this amendment.

The Secretary of Agriculture is authorized by section 303, Public Law 480, to determine whether or not a barter transaction will protect the funds and assets of CCC. The exercise of administrative judgment is necessary to successful barter and to selection of transactions which will not be mere substitutes for United States dollar sales which would have been made in any case. The effect of the proposed change in section 303 is not clear. If it is to be interpreted so as not to preclude the continued exercise of judgment as to whether a transaction will in fact protect the funds and assets of CCC, then the change is unnecessary. If on the other hand, the proper interpretation of the proposed language is that the Secretary shall barter on the same basis as before changes in the program were announced on May 28, 1957, then we oppose it as not being helpful to farmers and as contrary to the best interests of the Government.

Expansion of the barter program at the expense of dollar sales would not result in savings in storage charges or increased agricultural exports but merely in substitution of imported materials for the dollars which would otherwise be obtained.

The application of an annual dollar limitation upon the "total volume of transactions directed by this section" is ambiguous. There are a series of transactions which take place over a period of time

under a single barter contract. Would the limitation apply to the total exchange value of agricultural commodities moved during a year, or to the total exchange value of agricultural commodities covered by barter contracts entered into during the year? Does "annually" refer to fiscal year or calendar year?

The Bureau of the Budget advises that there is no objection to submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

#### AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

##### TITLE I—SALES FOR FOREIGN CURRENCY

\* \* \* \* \*

##### SEC. 103.

\* \* \* \* \*

(b) **Transactions shall not be carried out** *Agreements shall not be entered into under this title during any fiscal year which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of [\$4,000,000,000] \$1,500,000,000, plus any amount by which agreements entered into in prior fiscal years (beginning with the fiscal year ending June 30, 1958) have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years. [This limitation shall not be apportioned by year or by country, but shall be considered as an objective as well as a limitation, to be reached as rapidly as possible so long as the purposes of this Act can be achieved within the safeguards established.]*

\* \* \* \* \*

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

\* \* \* \* \*

(h) For the financing of international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b)) *and for the financing of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446).* In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where



adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;

\* \* \* \* \*

(k) *For providing assistance, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies.*

\* \* \* \* \*

SEC. 109. No transactions shall be undertaken under authority of this title after June 30, [1958] 1960, except as required pursuant to agreements theretofore entered into pursuant to this title.

## TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after June 30, [1958] 1960.

\* \* \* \* \*

SEC. 303. [Whenever the Secretary has reason to believe that, in addition to other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation, there may be opportunity to protect the funds and assets of the Commodity Credit Corporation by] *The Secretary is directed, to the maximum extent practicable within the limit permitted by this section, to barter or exchange [of such] agricultural commodities owned by the Commodity Credit Corporation for (a) [strategic] materials [entailing] of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs[, he]. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private trade channels, such barter or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges: Provided, That the total volume of the transactions directed by this section shall not exceed \$500,000,000 annually, unless approved by the Congress. No material shall be excluded from barter or exchange transactions under this section by reason of the fact that it has been domestically processed (from either foreign or domestic raw materials), if provision is made for the importation of an equivalent amount of similar*

*raw materials of foreign origin.* Agencies of the United States Government procuring such materials, goods or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. **【Strategic materials】** *Materials* so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing **【strategic】** *such* materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.

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### AGRICULTURAL ACT OF 1956

\* \* \* \* \*

#### TRANSFER OF BARTERED MATERIALS TO SUPPLEMENTAL STOCKPILE

SEC. 206. (a) **【Strategic and other materials】** *Materials* acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products, unless acquired for the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U. S. C. 98-98h), or for other purposes shall be transferred to the supplemental stockpile established by section 104 (b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U. S. C. 1704).

(b) **【Strategic materials】** *Materials* acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products may be entered, or withdrawn from warehouse, free of duty.

○



Calendar No. 1378

85TH CONGRESS  
2D SESSION

# S. 3420

[Report No. 1357]

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## IN THE SENATE OF THE UNITED STATES

MARCH 8, 1958

MR. ELLENDER, from the Committee on Agriculture and Forestry, under authority of the order of the Senate of March 6, 1958, reported the following original bill; which was ordered to be placed on the calendar

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## A BILL

To extend and amend the Agricultural Trade Development and Assistance Act of 1954.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 103 (b) of the Agricultural Trade Develop-  
4       ment and Assistance Act of 1954, as amended (Public Law  
5       480, Eighty-third Congress) is amended to read as follows:  
6       “(b) Agreements shall not be entered into under this  
7       title during any fiscal year which will call for appropriations  
8       to reimburse the Commodity Credit Corporation, pursuant  
9       to subsection (a) of this section, in amounts in excess of  
10      \$1,500,000,000, plus any amount by which agreements  
11      entered into in prior fiscal years (beginning with the fiscal

1 year ending June 30, 1958) have called or will call for  
2 appropriations to reimburse the Commodity Credit Corpora-  
3 tion in amounts less than authorized for such prior fiscal  
4 years.”

5 SEC. 2. (a) Section 104 of such Act is amended by  
6 inserting before the period at the end of the first sentence of  
7 paragraph (h) thereof the following: “and for the financing  
8 of programs for the interchange of persons under title II of  
9 the United States Information and Educational Exchange  
10 Act of 1948, as amended (22 U. S. C. 1446)”.

11 (b) Such section is further amended by adding after  
12 paragraph (j) the following new paragraph:

13 “(k) For providing assistance, by grant or otherwise,  
14 in the expansion or operation in foreign countries of estab-  
15 lished schools, colleges, or universities founded or sponsored  
16 by citizens of the United States, for the purpose of enabling  
17 such educational institutions to carry on programs of voca-  
18 tional, professional, scientific, technological, or general edu-  
19 cation; and in the supporting of workshops in American  
20 studies or American educational techniques, and supporting  
21 chairs in American studies.”

22 SEC. 3. Section 109 of such Act is amended by striking  
23 out “June 30, 1958” and inserting in lieu thereof “June 30,  
24 1960”.

25 SEC. 4. Section 204 of such Act is amended by striking



1 out "June 30, 1958" and inserting in lieu thereof "June 30,  
2 1960".

3 SEC. 5. Section 303 of such Act is amended to read as  
4 follows:

5 "SEC. 303. The Secretary is directed, to the maximum  
6 extent practicable within the limit permitted by this section,  
7 to barter or exchange agricultural commodities owned by  
8 the Commodity Credit Corporation for (a) materials of  
9 which the United States does not domestically produce its  
10 requirements and which entail less risk of loss through deteri-  
11 oration or substantially less storage charges, or (b) materials,  
12 goods, or equipment required in connection with foreign  
13 economic and military aid and assistance programs, or (c)  
14 materials or equipment required in substantial quantities for  
15 offshore construction programs. He is hereby directed to  
16 use every practical means, in cooperation with other Gov-  
17 ernment agencies, to arrange and make, through private  
18 trade channels, such barters or exchanges or to utilize the  
19 authority conferred on him by section 4 (h) of the Com-  
20 modity Credit Corporation Charter Act, as amended, to make  
21 such barters or exchanges: *Provided*, That the total volume  
22 of the transactions directed by this section shall not exceed  
23 \$500,000,000 annually, unless approved by the Congress.  
24 No material shall be excluded from barter or exchange trans-  
25 actions under this section by reason of the fact that it has

1 been domestically processed (from either foreign or domestic  
2 raw materials), if provision is made for the importation of  
3 an equivalent amount of similar raw materials of foreign  
4 origin. Agencies of the United States Government procur-  
5 ing such materials, goods, or equipment are hereby directed  
6 to cooperate with the Secretary in the disposal of surplus  
7 agricultural commodities by means of barter or exchange.  
8 Materials so acquired by the Commodity Credit Corporation  
9 shall be considered as assets of the Corporation and other  
10 agencies of the Government, in purchasing such materials,  
11 shall purchase such materials from Commodity Credit Cor-  
12 poration inventories to the extent available in fulfillment of  
13 their requirements. The Secretary is also directed to assist,  
14 through such means as are available to him, farmers' coop-  
15 eratives in effecting exchange of agricultural commodities in  
16 their possession for strategic materials."

17 SEC. 6. (a) Section 206 (a) of the Agricultural Act of  
18 1956 is amended by striking out the words "Strategic and  
19 other materials" and inserting in lieu thereof "Materials".

20 (b) Section 206 (b) of such Act is amended by striking  
21 out the words "Strategic materials" and inserting in lieu  
22 thereof the word "Materials".

23 SEC. 7. In carrying out the provisions of the Agricul-  
24 tural Trade Development and Assistance Act of 1954, as  
25 amended, extra long staple cotton shall be made available



1 for sale pursuant to the provisions of title I of the Act in  
2 the same manner as upland cotton or any other surplus  
3 agricultural commodity is made available, and no discrimina-  
4 tory or other conditions shall be imposed which will prevent  
5 or tend to interfere with its sale or availability for sale under  
6 the Act.

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**A BILL**

To extend and amend the Agricultural Trade  
Development and Assistance Act of 1954.

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By Mr. ELLENDER

MARCH 8, 1958

Ordered to be placed on the calendar









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued March 12, 1958  
For actions of March 11, 1958  
85th-2d, No. 38

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HIGHLIGHTS; Senate committee reported bills to: Freeze cotton acreage allotments at 1956 levels. Permit soil bank payments to certain producers who exceed corn allotments. Senate passed second supplemental appropriation bill. Sen. Thurmond urged additional soil bank funds for cotton. Sen. Proxmire criticized order to cut dairy price supports. House subcommittee ordered reported bill to prohibit 2 crops a year for same tobacco allotment. House committee ordered reported bill to transfer certain functions under Packers and Stockyards Act to FTC. Sen. Payne and others introduced and Sen. Payne discussed distressed areas bill. Sen. Chavez introduced and discussed public works program bill, including FS and SCS programs.

SENATE

1. ACREAGE ALLOTMENTS. The Agriculture and Forestry Committee reported with amendment S. 3408, to provide that cotton acreage allotments for 1958 and subsequent years shall be no less than in 1956 (S. Rept. 1371) (p. 3481), and with amendment S. 3385 to permit soil bank payments to certain producers who exceed corn allotments (S. Rept. 1372) (p. 3482).
2. SECOND SUPPLEMENTAL APPROPRIATION BILL. Passed with amendments this bill, H. R. 10881. pp. 3509-16, 3524-51, 3552-61, 3562-69.  
Rejected, 30 to 59, a motion by Sen. Thye to suspend the rules for consideration of his amendment which would have provided that the price supports for whole milk, butterfat, and the products of such commodities for the marketing year beginning April 1, 1958, shall be not less than the price support made available for such commodities for the marketing year beginning April 1, 1957. Earlier a point of order against the amendment had been sustained. pp. 3532-51  
A point of order was sustained against an amendment by Sen. Sparkman which would have authorized loans by the Small Business Administration to ginners and other small businesses whose business had been adversely affected as a result of taking acreage out of production under the soil bank programs. pp. 3560-62  
Senate conferees were appointed on the bill. p. 3569
3. SOIL BANK. Senators Thurmond, Cooper, and Thye urged additional funds for the acreage reserve program. pp. 3517-19
4. DAIRY PRICE SUPPORTS. Sen. Proxmire criticized the order to cut dairy price supports, and claimed that the recent USDA publication, "Dairy Situation," "refutes Secretary Benson's claims that this order will be food for farmers." p. 3500
5. FOREIGN TRADE; SURPLUS COMMODITIES. In reporting S. 3420 (see Digest 37), the committee summarized the bill as follows:
  - "(1) Extend titles I and II of Public Law 480, 83d Congress (the Agricultural Trade Development and Assistance Act of 1954) for 2 years, until June 30, 1960;
  - "(2) Increase the title I authority to provide an additional \$500 million for the balance of the current fiscal year and \$1.5 billion for each fiscal year thereafter during the period for which title I is extended.
  - "(3) Enlarge the uses which may be agreed upon for the foreign currencies acquired under title I to include (a) the educational exchange of agricultural leaders, labor leaders, journalists, and civic leaders; and (b) assistance to school and workshops;
  - "(4) Amend section 303 of Public Law 480 (the barter provision) to provide for an expanded barter program;
  - "(5) Permit duty-free entry of nonstrategic materials (in addition to strategic materials) bartered to Commodity Credit Corporation; and
  - "(6) Prohibit discriminatory treatment of extra long staple cotton under Public Law 480."









# Digest of CONGRESSIONAL PROCEEDINGS

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued March 17, 1958  
For actions of March 14, 1958  
85th-2d, No. 41

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HIGHLIGHTS: Senate committee ordered reported road authorization bill. Sen. Proxmire criticized USDA farm income figures. Sen. Symington introduced and discussed bill to maintain adequate supply of anti-hog-cholera serum and hog-cholera virus. Sen. Capehart and 27 other Senators introduced and Sen. Capehart discussed bill to provide for conversion of CCC surplus grain into industrial alcohol for stockpiling purposes.

### SENATE

1. ROADS. The Public Works Committee ordered reported with amendments S. 3414, to authorize appropriations for road construction (p. D212). The "Daily Digest" states the Committee action as follows:

"As approved by the committee, major provisions of the bill would: (1) authorize \$900 million for primary, secondary, and urban systems for each of fiscal years 1960 and 1961, (2) authorize additional \$400 million for primary, secondary, and urban systems for fiscal 1959, which moneys would be required to be under contract by December 1, 1958, for completion by December 1, 1959, to be available on a 70 percent Federal-30 percent State matching basis, and would provide that any State may borrow up to two-thirds of its 30 percent out of fiscal 1961 and 1962 apportionments, (3) authorize \$36 million for continuing work on forest highway systems in each of fiscal years 1960 and 1961, (4) authorize \$34 million for forest development roads and trails for each of fiscal years 1960 and 1961, (5) require a study of needed improvements on the forest highway system and a report thereon to Congress on or before January 1, 1960, (6) authorize \$20 million for roads in national parks for each of fiscal



years 1960 and 1961, (7) authorize \$16 million for parkways for each of fiscal years 1960 and 1961, (8) authorize \$12 million for roads in Indian reservations for each of fiscal years 1960 and 1961 (9) authorize \$4 million for roads on unappropriated and unreserved public lands for each of fiscal years 1960 and 1961, (10) increase the 1959 Interstate authorization by \$200 million and the 1960 and 1961 authorization by \$300 million each year, the 1959 moneys to be apportioned immediately, (11) authorize and direct apportionment of full authorization of interstate, primary, secondary, and urban systems for fiscal 1960, (12) modify provisions for reimbursement of cost for moving public utility facilities off of highway rights-of-way, and (13) authorize acquisition of billboard advertising rights on lands adjacent to the interstate system, and encourage States to develop regulations concerning billboard advertising along the interstate system."

2. FARM INCOME. Sen. Proxmire charged this Department with issuing questionable figures on farm income, and stated that "there have been some extremely alarming reports of possible distortion of the figures by the Department of Agriculture." pp. 3908-09
3. FOREIGN TRADE; SURPLUS COMMODITIES. S. 3420, to extend Public Law 480, was made the unfinished business. p. 3983
4. ECONOMIC SITUATION. Sen. Fulbright referred to a letter from the White House to Senate and House Republican leaders urging action on "a number of administration recommendations for new legislation which could be of great help in stimulating the economy," including a proposed bill to raise interest rates on Government lending programs. He stated that the "Budget Bureau has not yet responded to the many requests which I have made for information about what it intends to do with the requested authority," and expressed doubt that it would be wise to raise interest rates in the current economic situation. pp. 3922-23  
Sen. Capehart inserted a statement he had prepared, "Current Factors of the National Economy," and a discussion of steps the Administration was taking to alleviate the current economic situation. pp. 3909-10  
Sen. Fulbright inserted two articles discussing the current economic situation, "A Note on Recovery Policy and National Security" and "A Tax Cut Versus Public Works." pp. 3914-16
5. PRICE SUPPORTS; ACREAGE ALLOTMENTS. Sen. Capehart inserted several telegrams he had received, including one from the President of the American Farm Bureau Federation, opposing a freeze on price supports and acreage allotments at 1957 levels. p. 3909
6. TRANSPORTATION TAXES. Received from the Va. Legislature a resolution favoring the repeal of the Federal excise tax on the transportation of persons and property. p. 3890
7. FLOOD CONTROL. Upon the request of Sen. Dirksen, S. 2964, to grant the consent of Congress to a compact between Conn. and Mass. relating to flood control, was transferred from the Judiciary Committee to the Public Works Committee. p. 3896
8. FOREIGN TRADE; FOREIGN AID. Sen. Smith, N. J., inserted an address and a newspaper article favoring extension of the reciprocal trade and mutual security programs. pp. 3897-3900



interested in a further statement about the housing program. Of the 145,000 units authorized within the \$2.3 billion mortgage insurance limit of the Federal Housing Administration, 35,237 units (\$535 million) have been placed under contract. Additionally, we have accepted bids on 6,793 units, of which 1,600 units have FNMA financing. There are 9,172 units of Capehart housing being advertised for contract at this time. We are hopeful that these 15,965 units costing some \$255 million will be placed under construction by June 30 of this year. In addition, there are 25,241 units for which plans and specifications are being prepared, and 6,624 of these units costing over \$109 million will be advertised in the near future. We are hopeful that many of these 6,624 units may be started by the end of the fiscal year.

It must be recognized that the number of Capehart units which can be placed under contract is dependent on availability of mortgage financing.

With regard to Reserve Forces facilities, we carried forward \$54 million of unobligated appropriations into the present fiscal year, and the Congress appropriated \$38 million additional, so that the total availability for Reserve Forces facilities for the current fiscal year is \$142 million. This includes \$21 million Air Force Reserve facilities which are part of the overall Air Force military construction appropriation and which were, therefore, included in the construction figures mentioned earlier. Our program calls for obligating \$72 million for this total in the present fiscal year, leaving \$70 million for support, in part, of the fiscal year 1959 program. Of this \$70 million, something like \$22 million will have been released for commitments.

Of the \$72 million obligations planned in fiscal year 1958, only \$15 million had been obligated through last January. This leaves a forecast of \$57 million to be obligated in the last 5 months of the present fiscal year, and the departments have plans for projects aggregating this amount. Moreover, we are reexamining this Reserve facilities program to see if it should be further accelerated.

Mr. SALTONSTALL. I place these excerpts in the RECORD because they show a very substantial advance in military construction. Many more housing projects are under contract, or are being obligated to be placed under contract. I think the showing is very helpful, and I hope we shall be able to proceed rapidly with military construction.

The PRESIDING OFFICER. Without objection, the committee amendments are agreed to en bloc.

The question is on agreeing to the concurrent resolution, as amended. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], Senator from Idaho [Mr. CHURCH], Senator from Louisiana [Mr. ELLENDER], Senator from Florida [Mr. HOLLAND], Senator from Minnesota [Mr. HUMPHREY], Senator from Tennessee [Mr. KEFAUVER], Senator from Montana [Mr. MURRAY], Senator from Wyoming [Mr. O'MAHONEY], Senator from Virginia [Mr. ROBERTSON], Senator from Georgia [Mr. RUSSELL], are absent on official business.

I further announce that if present and voting, all of the above Senators would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent on official business and if present and voting, he would vote "yea."

The Senator from New Jersey [Mr. CASE] and the Senator from West Virginia [Mr. REVERCOMB] are detained on official business. If present and voting the Senator from New Jersey [Mr. CASE] would vote "yea."

The Senator from New York [Mr. JAVITS] is necessarily absent, and if present the Senator from Vermont [Mr. FLANDERS], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Kansas [Mr. SCHOEPP] and the Senator from New Jersey [Mr. SMITH] are necessarily absent. If present and voting, each of these four Senators previously named would vote "yea."

The result was announced—yeas 76, nays 1, as follows:

#### YEAS—76

Aiken	Green	Morse
Allott	Hayden	Morton
Barrett	Hennings	Mundt
Beall	Hickenlooper	Neuberger
Bible	Hill	Pastore
Bricker	Hobbs	Payne
Bridges	Hruska	Potter
Bush	Ives	Proxmire
Butler	Jackson	Purtell
Byrd	Jenner	Saltonstall
Capehart	Johnson, Tex.	Scott
Carlson	Johnston, S. C.	Smathers
Carroll	Kennedy	Smith, Maine
Case, S. Dak.	Kerr	Sparkman
Clark	Knowland	Stennis
Cooper	Kuchel	Symington
Curtis	Langer	Talmadge
Dirksen	Lausche	Thurmond
Douglas	Long	Thye
Dworshak	Magnuson	Watkins
Eastland	Malone	Wiley
Ervin	Mansfield	Williams
Frear	Martin, Iowa	Yarborough
Fulbright	McClellan	Young
Goldwater	McNamara	
Gore	Monroney	

#### NAYS—1

Cotton

#### NOT VOTING—19

Anderson	Holland	Revercomb
Bennett	Humphrey	Robertson
Case, N. J.	Javits	Russell
Chavez	Keftauver	Schoeppel
Church	Martin, Pa.	Smith, N. J.
Ellender	Murray	
Flanders	O'Mahoney	

So the concurrent resolution (S. Con. Res. 69) was agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring), That since there is substantial unemployment in many areas of the country; since some of the productive facilities of our economy are idle and many are only partially utilized; since permitting an economic downturn to continue unchecked makes it less responsive to corrective action; and since there are many authorized and urgently needed military construction projects for which substantial appropriations have already been made;*

*It is hereby declared to be the sense of the Congress that all such military construction programs for which funds have been appropriated should be accelerated to the greatest practicable extent so as to achieve the desirable objectives of reducing unemployment, putting our productive facilities to fuller use, and moving forward the date of completion and availability of these projects which are vital to our national defense.*

The Congress commends the President and the executive agencies for such action as they have taken to accelerate these programs.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the

vote by which Senate Concurrent Resolution 69 was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion to lay on the table was agreed to.

#### AUTHORIZATION FOR SIGNING OF HOUSE BILL 10021

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Vice President or the President pro tempore be authorized to sign, during the adjournment, the enrolled bill, H. R. 10021, which passed the Senate a short time ago.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1378, S. 3420.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

#### AID TO FOREIGN NATIONS

Mrs. SMITH of Maine. Mr. President, I invite the attention of my colleagues to the editorial in today's Washington Star with respect to the thought-provoking and interesting proposal made by the distinguished junior Senator from Oklahoma [Mr. MONRONEY]. I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

##### NEW AID APPROACH

The lines have been firmly drawn for a major congressional battle over foreign aid, with probably the bitterest division centering on the amount and nature of nonmilitary economic assistance. In brief, the administration is proposing extension of current programs in a total of \$3.9 billion, of which \$1.3 billion would be marked for various types of nonmilitary aid. In this form, the administration plan is one of its highest priority legislative recommendations. It has strong bipartisan support in both branches of Congress, and it has influential backing from quarters outside Government. It has some equally tough and determined opposition, in Congress and out.

Against this background, Senator MONRONEY, a consistent supporter of foreign aid, has proposed a new approach. Dealing specifically with the question of promoting economic progress in the underdeveloped



areas of the world, the Oklahoma Democrat has suggested establishment of a new international lending agency, to be designated the International Development Association, to supplement on a somewhat easier and more flexible credit basis the operations of existing agencies in this field. It would be associated most closely with the World Bank, but would be authorized to make long-term, low-interest loans which the bank, under present regulations, must reject. It would permit repayment of such loans either in dollars or in local currencies. Both the World Bank and the Export-Import Bank require repayment in hard currencies.

Mr. MONRONEY's proposal is a result of 18 months of study by the Senator, including consultation with qualified authorities both here and abroad, and discussion with members of both parties on Capitol Hill and with leaders in the executive branch. In submitting a resolution calling for Senate consideration of his plan, the Senator made a persuasive plea for some such step as this at a point when our foreign-aid program, sorely needed at this time, is in the gravest possible danger of defeat or mutilation. His warning of the danger is not by any means exaggerated. And the Monroney proposal offers a new approach which might be helpful and constructive. It should be examined seriously in the Senate.

#### REINVESTMENT BY AIR CARRIERS OF CERTAIN PROCEEDS FROM SALES OF PROPERTY AND EQUIPMENT

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 5822) to amend section 406 (b) of the Civil Aeronautics Act of 1938 with respect to the reinvestment by air carriers of the proceeds from the sale or other disposition of certain operating property and equipment, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MAGNUSON. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MONRONEY, Mr. SMATHERS, Mr. BIBLE, Mr. SCHOEPPPEL, and Mr. PAYNE conferees on the part of the Senate.

#### TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

#### CONCURRENT RESOLUTION OF MISSISSIPPI LEGISLATURE

Mr. STENNIS. Mr. President, several weeks ago I called to the attention of the Senate the vital role of the National Guard in our overall national defense picture. The Mississippi Legislature has adopted a resolution calling on the Congress to maintain the National Guard at the maximum strength. I ask unanimous consent to have the resolution printed in the RECORD.

There being no objection, the concurrent resolution was ordered to be printed in the RECORD, as follows:

#### Senate Concurrent Resolution 130

A concurrent resolution of the Legislature of the State of Mississippi memorializing the Congress of the United States to maintain the strength and effectiveness of the National Guard of the United States by the enactment of legislation providing for a National Guard strength of at least 400,000 officers and men, retention of the present number of units in the troop allotment, strengthening of the armory construction program, and necessary appropriations therefor, together with necessary safeguards to insure release of such funds when the Congress has made such appropriations

Whereas from colonial days to the present the National Guard of the United States, composed of the patriotic citizen soldiers from every State, has performed vital services to the Nation and its people in thousands of emergency situations, including natural disaster in peacetime and the defense of our freedom in time of war; and

Whereas in these days of international peril and high defense costs the National Guard provides a most essential and effective link in maintaining our chain of strength to resist aggression and at only a fraction of the cost of providing a comparable full-time active duty force of regulars; and

Whereas it is essential to our national welfare and the defense of the Nation that the strength of the National Guard must be maintained if we are to preserve our freedoms, since the guard provides in constant readiness trained military manpower to be used with other forces against any future enemy and also a dispersed force in 2,600 communities which can be used to restore order from the chaos which would result if this country should be attacked; and

Whereas there are now afoot certain plans to reduce the strength of the National Guard and the units thereof, and other steps having been taken to lower its efficiency through such actions as that of the Bureau of the Budget in refusing to release funds for National Guard armory construction even though such funds are appropriated by the Congress; and

Whereas the Legislature of the State of Mississippi is deeply concerned at the proposals now being made to lower the strength and effectiveness of the National Guard and is desirous of expressing its unqualified opposition to such proposals and desires to register its strong support of a realistic program which will maintain the strength and effectiveness of the National Guard: Now, therefore, be it

*Resolved by the Mississippi State Senate (the House of Representatives concurring therein), That the Congress of the United States of America be and it is hereby requested to provide for maintaining the strength and effectiveness of the National Guard of the United States by taking the following actions:*

1. Provide by law for maintaining the National Guard strength at a level of at least 400,000 officers and men, and appropriate the necessary funds therefor, with necessary safeguards to insure release of such funds.
2. Make provision for retention of the present number of National Guard units in the troop allotment.
3. Appropriate sufficient funds for an orderly and adequate armory construction program for the National Guard, with necessary safeguards to insure the release of such funds when the Congress has made such appropriation; be it further

*Resolved, That the Secretary of State be, and he hereby is directed to send a duly certified copy of this resolution to the Senate*

of the United States and another copy to the House of Representatives in the Congress of the United States.

#### ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. MORSE:

S. 3493. A bill to amend the District of Columbia Unemployment Compensation Act of 1935, as amended; to the Committee on the District of Columbia.

(See the remarks of Mr. MORSE when he introduced the above bill, which appear under a separate heading.)

By Mr. BARRETT (for himself, Mr. MALONE, Mr. THYE, Mr. WATKINS, Mr. POTTER, Mr. BEALL, Mr. PAYNE, Mr. ALLOTT, and Mr. HOBLITZELL):

S. 3494. A bill to extend the period during which unemployment benefits may be paid under the Railroad Unemployment Insurance Act; to the Committee on Labor and Public Welfare.

#### CORRECTION OF THE RECORD

Mr. COOPER. Mr. President, I wish to point out that there is an error in my remarks on page A1778 of the Appendix of the CONGRESSIONAL RECORD of February 26. The third paragraph of my statement, in the second column, should read as follows:

I recall the early, and continuing, interest of the Cincinnati Inquirer and of its editor, Mr. Glen Thompson, who was at one time its representative in Washington, and who urged strongly the beginning of construction of new locks and dams in the Ohio River Valley, which have meant so much to the development of that area.

I ask that the permanent RECORD be corrected to read as I have indicated.

The PRESIDING OFFICER. The correction will be made.

#### ADDITIONAL APPENDIX MATTERS

By Mr. THYE:

News article entitled "He Can See the Joke," written by Frances Leighton, published in a recent edition of the American Weekly magazine.

News article concerning work being done by Minnesota Department of Health to identify and control various disease-inflicting viruses, published in a recent edition of the St. Paul Sunday Pioneer Press.

Article entitled "Archeologist Helps in Fight To Make Snelling Historic Site," written by Peg Johnson, published in the Minneapolis Morning Tribune of March 10, 1958.

By Mr. NEUBERGER:

Editorial entitled "Adolph S. Ochs—A Centennial," published in the New York Times of March 12, 1958; which will appear hereafter in the Appendix.

#### ADJOURNMENT TO MONDAY

Mr. JOHNSON of Texas. Mr. President, I move that the Senate stand in adjournment until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 8 o'clock and 46 minutes p. m.) the Senate adjourned until Monday, March 17, 1958, at 12 o'clock meridian.









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued March 18, 1958  
For actions of March 17, 1958  
85th-2d, No. 42

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HIGHLIGHTS: See page 6.

## SENATE

1. WHEAT. The Congressional Record states that the Senate passed without amendment H. R. 11086, to grant relief from penalties of certain farmers who overplanted their wheat acreage allotments (p. 4027). The Record also states that S. 3406, a similar bill, was passed over earlier in the day at the request of Sen. Talmadge (p. 4021). The office of the Senate bill clerk informs us that apparently H. R. 11086 was not passed, and that apparently the statement in the Record was in error.
2. CORN. Passed with amendment H. R. 10843, to permit soil bank payments to certain corn producers in the commercial area who exceed their corn acreage allotments, after substituting the language of a similar bill as reported, S. 3385, for the text of H. R. 10843. S. 3385 was indefinitely postponed. pp. 4022-23  
At the request of Sen. Talmadge, passed over S. 3441, to increase the minimum acreage allotment for corn. pp. 4022
3. COTTON. At the request of Sen. Talmadge, passed over S. 3408 to provide that cotton acreage allotments for 1958 and subsequent years shall be no less than in 1956. p. 4022

4. SOIL BANK. Passed as reported S. 2937, to compensate producers for hardships suffered under the 1956 soil bank program as a result of incorrect information furnished by county committees. pp. 4025-26
5. BUDGETING. At the request of Sen. Talmadge, passed over H. R. 8002, to provide for budgeting on an accrued expenditure basis. p. 4021
6. FOREIGN TRADE; SURPLUS COMMODITIES. S. 3420, to extend Public Law 480, continued as the unfinished business of the Senate. p. 4028  
Sens. Aiken and Case, S. Dak., submitted amendments intended to be proposed to this bill. p. 4002
7. DAIRY PRICE SUPPORTS. Sen. Proxmire criticized the order to lower price supports for dairy products, and stated that the dairy farmer "has been punished -- instead of rewarded -- for his efficiency and his increasing contribution to our standard of living." p. 4012
8. APPROPRIATIONS. A subcommittee of the Appropriations Committee ordered reported without amendment H. R. 11085, the Treasury-Post Office appropriation bill for 1959. p. D218
9. CHICORY IMPORTS. The Finance Committee ordered reported with amendment H. R. 5005, to suspend for two years the duty on crude chicory. p. D219
10. HIGHWAY BILLBOARDS. Sen. Neuberger urged support for legislation for the regulation of billboards along the new Interstate Highway system, and inserted an article on the subject. pp. 4005-07
11. SOIL CONSERVATION. Sen. Langer inserted two Soil Conservation District resolutions commending the accomplishments of the ACP program, and opposing enactment of S. 2496, relative to conservation of wildlife, fish, and game, because it would provide that "much of the conservation work done by co-operators on their farms would first have to be approved by the United States Fish and Wildlife Service." p. 4016
12. FOREST ROADS. Sen. Church inserted an Ida. Chamber of Commerce resolution favoring increased appropriations for forest access roads. p. 4018
13. WATER COMPACTS. Passed without amendment S. 2557, to grant the consent of Congress to an extension of time for the negotiation of water compacts by Nebr., Wyo., and S. Dak. p. 4026
14. FOREIGN AID. Sen. Cooper urged additional economic aid for India. pp. 4044-46
15. LEGISLATIVE PROGRAM. Sen. Johnson announced that S. 1356, to transfer certain functions under the Packers and Stockyards Act to FTC, will be considered this week, probably, Tues., Wed., or Thurs.; he also stated that there will be a delay in consideration of the road authorization bill until minority views can be prepared, but he hopes this bill can also be considered this week. pp. 3989-90, 4048



tion with the acceptance of the statue of Maria L. Sanford, late of Minnesota, was considered and agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring),* That the proceedings at the presentation, dedication, and acceptance of the statue of Maria L. Sanford, to be presented on November 12, 1958, by the State of Minnesota in the rotunda of the Capitol, together with appropriate illustrations and other pertinent matter, shall be printed as a Senate document. The copy for such Senate document shall be prepared under the supervision of the Joint Committee on Printing.

SEC. 2. There shall be printed 5,000 additional copies of such Senate document, which shall be bound in such style as the Joint Committee on Printing shall direct, and of which 100 copies shall be for the use of the Senate and 1,900 copies shall be for the use of the Members of the Senate from the State of Minnesota, and 500 copies shall be for the use of the House of Representatives and 2,500 copies shall be for the use of the Members of the House of Representatives from the State of Minnesota.

#### REVISION OF FISH AND GAME LAWS OF THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 532) to revise and modernize the fish and game laws of the District of Columbia, and for other purposes, which had been reported from the Committee on the District of Columbia with an amendment to strike out all after the enacting clause and insert:

That the Commissioners are authorized to restrict, prohibit, regulate, and control hunting and fishing and the taking, possession and sale of wild animals in the District: *Provided*, That nothing herein contained shall authorize the Commissioners to impose any requirement for a fishing license or fee of any nature whatsoever: *Provided further*, That nothing herein contained shall authorize the Commissioners to prohibit, restrict, regulate, or control the killing, capture, purchase, sale, or possession of migratory birds as defined in regulations issued pursuant to the Migratory Bird Treaty Act of July 3, 1918, as amended (16 U. S. C. 703-711), and taken for scientific, propagating, or other purposes under permits issued by the Secretary of the Interior: *And provided further*, That nothing herein contained shall authorize the Commissioners to prohibit, restrict, regulate or control the sale or possession of wild animals taken legally in any State, Territory or possession of the United States or in any foreign country, or produced on a game farm, except as may be necessary to protect the public health or safety. As used in this section the term "wild animals" includes, without limitation, mammals, birds, fish, and reptiles not ordinarily domesticated.

SEC. 2. Authorized officers and employees of the Government of the United States or of the government of the District of Columbia are, for the purpose of enforcing the provisions of this act and the regulations promulgated by the Commissioners under the authority of this act, empowered, during business hours, to inspect any building or premises in or on which any business, trade, vocation or occupation requiring a license or permit is carried on, or any vehicle, boat, market box, market stall or cold-storage plant. No person shall refuse to permit any such inspection.

SEC. 3. (a) All rifles, shotguns, ammunition, bows, arrows, traps, seines, nets, boats, and other devices of every nature or description used by any person within the District of Columbia when engaged in killing, en-

snaring, trapping, or capturing any wild bird, wild mammal, or fish contrary to this act or any regulation made pursuant to this act shall be seized by any police officer upon the arrest of such person on a charge of violating any provision of this act or any regulations made pursuant thereto, and be delivered to the Commissioners. If the person so arrested is acquitted, the property so seized shall be returned to the person in whose possession it was found. If the person so arrested is convicted, the property so seized shall, in the discretion of the court, be forfeited to the District of Columbia, and be sold at public auction, the proceeds from such sale to be deposited in the Treasury to the credit of the District of Columbia. If any item of such property is not purchased at such auction, it shall be disposed of in accordance with regulations prescribed by the Commissioners.

(b) If any property seized under the authority of this section is subject to a lien which is established by intervention or otherwise to the satisfaction of the court as having been created without the lienor's having any notice that such property was to be used in connection with a violation of any provision of this act or any regulation made pursuant thereto, the court, upon the conviction of the accused, may order a sale of such property at public auction. The officer conducting such sale, after deducting proper fees and costs incident to the seizure, keeping, and sale of such property, shall pay all such liens according to their priorities, and such lien or liens shall be transferred from the property to the proceeds of the sale thereof.

SEC. 4. (a) Any person convicted of violating any provision of this act, or any regulation made pursuant to this act, shall be fined not more than \$300 or imprisoned not more than 90 days, or both.

(b) Prosecutions for violations of this act, or the regulations made pursuant thereto, shall be conducted in the name of the District of Columbia by the Corporation Counsel or any of his assistants.

SEC. 5. (a) The Secretary of the Interior and the Commissioners, respectively, are authorized to delegate any of the functions to be performed by them under the authority of this act.

(b) The Commissioners are authorized to make such regulations as may be necessary to carry out the purpose of this act: *Provided*, That any regulations issued pursuant to this act shall be subject to the approval of the Secretary of the Interior insofar as they involve any areas or waters of the District of Columbia under his administrative jurisdiction.

(c) As used in this act the word "Commissioners" means the Commissioners of the District of Columbia or their designated agent or agents, and the words "Secretary of the Interior" mean the Secretary of the Interior or his designated agent or agents.

SEC. 6. Nothing in this act or in any regulation promulgated by the Commissioners under the authority of this act shall in any way impair the existing authority of the Secretary of the Interior to control and manage fish and wildlife on the land and waters in the District of Columbia under his administrative jurisdiction.

SEC. 7. Section 902 of the act approved March 3, 1901 (31 Stat. 1336), as amended (title 22, secs. 1607 and 1703, D. C. Code, 1951 edition), is amended to read as follows:

"SEC. 902. Penalties: Any person who shall violate any provision of the preceding section shall for each such offense be fined not more than \$300 or imprisoned not more than 90 days, or both."

SEC. 8. The following acts or parts of acts are repealed:

(a) Sections 896, 897, 898, 899, 900, and 903 of the act approved March 3, 1901 (31 Stat. 1335, 1336), as amended (title 22, secs.

1601, 1602, 1604, 1605, 1606, and 1608, D. C. Code, 1951 edition);

(b) Sections 1, 2, 3, 4, 5, 6, 7, 8, and 9 of the act approved March 3, 1899 (30 Stat. 1012), as amended (title 22, secs. 1609-1620, D. C. Code, 1951 edition);

(c) Sections 1, 2, 3, and 5 of the act approved June 30, 1906 (34 Stat. 808), as amended (title 22, secs. 1621-1624, D. C. Code, 1951 edition);

(d) Sections 1 through 3 of the act approved December 18, 1919 (41 Stat. 368; title 22, secs. 1625-1627, D. C. Code, 1951 edition); and

(e) Sections 1 through 4 of the act approved March 3, 1927 (44 Stat. 1379; title 22, sec. 1603, D. C. Code, 1951 edition).

SEC. 9. This act shall take effect on the 180th day following the approval thereof.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### TRANSPORTATION ON CANADIAN VESSELS

The Senate proceeded to consider the bill (S. 3100) to provide transportation on Canadian vessels between ports in southeastern Alaska, and between Hyder, Alaska, and other points in southeastern Alaska, or the continental United States, either directly or via a foreign port, or for any part of the transportation, which had been reported from the Committee on Interstate and Foreign Commerce with an amendment on page 2, line 7, to strike out "transportation" and insert "transportation, unless the Secretary of Commerce determines that United States flag service is available to provide such transportation", so as to make the bill read:

*Be it enacted, etc.*, That, until June 30, 1959, notwithstanding the provisions of law of the United States restricting to vessels of the United States the transportation of passengers and merchandise directly or indirectly from any port in the United States to another port of the United States, passengers may be transported on Canadian vessels between ports in southeastern Alaska, and passengers and merchandise may be transported on Canadian vessels between Hyder, Alaska, and other points in southeastern Alaska or the continental United States either directly or via a foreign port, or for any part of the transportation, unless the Secretary of Commerce determines that United States flag service is available to provide such transportation.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### WHEAT ACREAGE HISTORY

The bill (H. R. 11086) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to wheat acreage history, was considered, ordered to a third reading, read the third time, and passed.

#### PETRIFIED FOREST NATIONAL PARK, ARIZ.

The PRESIDING OFFICER. Calendar No. 1381, Senate bill 2359, which earlier today was ordered placed at the foot of the calendar, will now be called.



The LEGISLATIVE CLERK. A bill (S. 2359) to authorize the establishment of the Petrified Forest National Park, in the State of Arizona, and for other purposes.

Mr. CLARK. Mr. President, I ask that the bill go over. Perhaps it can be brought up later in the day, by motion. The corresponding House bill has not yet arrived at the Senate.

The PRESIDING OFFICER. Objection being heard, the bill will go over.

That concludes the call of the calendar.

#### PROCUREMENT OF ARTICLES WITHIN THE UNITED STATES UNDER THE MUTUAL SECURITY ACT

During the consideration of S. 3243, relating to attendance by certain foreign students at the District of Columbia Teachers College,

Mr. REVERCOMB. Mr. President, when the pending bill has been acted on, I shall address the Senate on another subject.

The PRESIDING OFFICER. The Chair will advise the Senator from West Virginia that under the rule the Senate is now engaged in the call of the calendar. The call will be continued through to completion, with each Senator having the right to object or reserve the right to object, and to speak on a measure for 5 minutes, or to speak on any other subject for 5 minutes.

Mr. REVERCOMB. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. REVERCOMB. Do I understand correctly that Senators are permitted to seek recognition for 5 minutes in order to speak on any subject during the call of the calendar? I understand that to be the rule.

The PRESIDING OFFICER. The Senator is correct.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. CLARK. Mr. President, I hope our good friend, the Senator from West Virginia, will permit us to complete the call of the calendar before he speaks on an extraneous subject. The calendar is quite short today, and we have every expectation of completing its call within 10 or 15 minutes. There are several Senators on the floor who are interested in the call of the calendar. Recognizing the complete right of the Senator from West Virginia to speak on an extraneous matter, I hope he will let us conclude the call of the calendar before he speaks on such a matter.

Mr. REVERCOMB. It is always my pleasure to comply with the request of the Senator from Pennsylvania. However, what I desire to say is very short and will not take more than a few minutes, and will not delay the Senate unduly. In that connection, I ask unanimous consent that my remarks may be printed in the Record at the end of the call of the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REVERCOMB. I desire to make a very brief statement on a subject which I consider to be very important at this time.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 5 minutes.

Mr. REVERCOMB. Mr. President, positive action is being taken on several fronts by both the administration and the Congress to speed economic recovery.

Another important step that would not require congressional action would be for the President of the United States to invoke section 510 of the Mutual Security Act of 1957, as amended.

A large percentage of the commodities procured by the International Cooperation Administration under the mutual security program are being purchased abroad. In many instances, perhaps, they can be purchased cheaper in foreign countries. However, in view of the unemployment that exists in this country at the present time, it is my feeling that such purchases should be made in this country. Congress made specific provision for this course of action in adopting the Mutual Security Act of 1957. Section 510 of that act reads:

Funds made available under title 2 or chapter 3 of title 1 of this act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweighs the economic advantages to the United States of less costly procurement abroad.

I point out that under this language the President is authorized to act, and if he determines "that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus," such purchases should be made in this country.

We are confronted with such a situation today. Because of present conditions, there is every justification, I feel, for invoking this provision. It is my understanding that purchases of commodities under the mutual security program are being made at the rate of more than \$1 billion a year. If the purchase of such materials were made in this country, many additional jobs would be provided.

The coal industry in my own State clearly illustrates the importance of such action. Coal production has declined substantially in recent months, and unemployment in many areas is becoming a serious problem. The situation facing the coal industry, the steel industry, and other American productions is such that, to my mind, it clearly justifies invoking section 510 of the Mutual Security Act.

It is my feeling that the commodities we need at this time should be purchased from our domestic producers. This is particularly important now when every sound step possible should be taken to speed an upturn in business activity. Surely such a step would be understood by other countries. We would continue to assist them with the aid provided

under the Mutual Security Act for our joint strength and defense.

I have written a letter to the President of the United States, urging that this action be taken promptly. It is my hope that the President will invoke section 510 of the Mutual Security Act so that American industries may receive the full benefit from this phase of the foreign aid program, and I have urged that this be done. Such action would be in keeping with the other steps which are being taken to check any recession in our economy.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, notified the Senate that, pursuant to the provisions of Title 42, Section 2251, United States Code, the Speaker had appointed Mr. Aspinall of Colorado as a member of the Joint Committee on Atomic Energy, on the part of the House.

The message announced that the House had passed, without amendment, the bill (S. 2042) to authorize the conveyance of a fee simple title to certain lands in the Territory of Alaska underlying war housing project Alaska-50083, and for other purposes.

The message also announced that the House had passed a bill (H. R. 8250) to authorize the establishment of the Petrified Forest National Park in the State of Arizona, and for other purposes, in which it requested the concurrence of the Senate.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER (Mr. HOB-LITZELL in the chair). Without objection, it is so ordered.

#### EXPANSION OF PUBLIC FACILITIES LOAN PROGRAM

Mr. FULBRIGHT. Mr. President, on behalf of myself, and Senators SPARKMAN, HILL, MONROEY, PROXMIRE, COOPER, CLARK, LONG, YARBOROUGH, and SMATHERS, I introduce, for appropriate reference, a bill to expand the public facility loan program of the Community Facilities Administration of the Housing and Home Finance Agency, and for other purposes.

I ask unanimous consent that the bill remain at the desk until the close of business tomorrow in order that any Sen-



Calendar No. 1378

85TH CONGRESS  
2D SESSION

**S. 3420**

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IN THE SENATE OF THE UNITED STATES

MARCH 17, 1958

Ordered to lie on the table and to be printed

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## **AMENDMENT**

Intended to be proposed by Mr. CASE of South Dakota to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, viz: At the end of the bill add a new section as follows:

1        SEC.     . (a) Notwithstanding any other provision of  
2 law, all foreign currencies received in payment for com-  
3 modities sold under the authority of title I of the Agricul-  
4 tural Trade Development and Assistance Act of 1954, as  
5 amended, shall be placed in a special fund in the Treasury,  
6 which shall be designated as the Foreign Currencies Fund.  
7 Upon receipt of any such payment, the dollar equivalent  
8 thereof shall be paid by the Treasury to the Commodity  
9 Credit Corporation in reimbursement for the agricultural

1 commodities sold under such title. Payment to the Com-  
2 modity Credit Corporation under this section shall be in  
3 lieu of reimbursement by the agencies using foreign cur-  
4 rencies as provided in section 105 of such Act, and pay-  
5 ments required by such section to be made by such agencies  
6 to the Commodity Credit Corporation shall be made instead  
7 to the Treasury.

8 (b) All disbursements authorized to be made of foreign  
9 currencies received for commodities sold under the provisions  
10 of such title shall hereafter be made only in such amounts as  
11 may be specified in appropriation acts.

12 (c) The Secretary of the Treasury shall report to the  
13 Congress not later than January 31 of each year all payments  
14 to and disbursements from the Foreign Currencies Fund in  
15 the twelve months ending December 31 prior thereto.





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## **AMENDMENT**

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Intended to be proposed by Mr. Case of South Dakota to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

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MARCH 17, 1958

Ordered to lie on the table and to be printed



Calendar No. 1378

85TH CONGRESS  
2D SESSION

# S. 3420

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IN THE SENATE OF THE UNITED STATES

MARCH 17, 1958

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. AIKEN (for himself and Mr. MARTIN of Iowa) to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, viz:

- 1 On page 3, line 3, strike out all of sections 5 and 6.

3-17-58—B

85TH CONGRESS  
2D SESSION

S. 3420

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## AMENDMENT

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Intended to be proposed by Mr. AIKEN (for himself and Mr. MARTIN of Iowa) to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

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MARCH 17, 1958

Ordered to lie on the table and to be printed









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued March 19, 1958  
For actions of March 18, 1958  
85th-2d, No. 43

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HIGHLIGHTS: Senate debated bill to extend Public Law 480. House committee reported measures to: Freeze acreage allotments and price supports. Rep. McCormack said this measure will be considered Mar. 20 or 21st. Extend special dairy donation program.

## SENATE

1. SURPLUS COMMODITIES; FOREIGN TRADE. Began debate on S. 3420, to extend Public Law 480. (pp. ~~4089~~, 4113-38). Pending at recess was an amendment by Sen. Aiken, for himself and Sen. Martin, Iowa, to strike out sections 5 and 6 of the bill. Section 5 provides for an expanded barter program of up to \$500 million for disposal of surplus agricultural commodities. Section 6 permits the duty-free entry of nonstrategic materials, in addition to strategic materials, acquired by CCC through barter. This amendment was debated (pp. 4131-38).  
Sen. Martin submitted amendments intended to be proposed to this bill, S. 3420. p. 4089

2. DAIRY PRICE SUPPORTS. Sen. Proxmire criticized the President of the American Farm Bureau Federation for opposing the measure to freeze price supports and acreage allotments at 1957 levels, and inserted two letters from Wisc. Farm Bureau members opposing a reduction in dairy price supports. pp. 4086-87

3. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 11085, the Treasury-Post Office Departments' appropriation bill for 1959 (S. Rept. 1401) (p. 4088). The bill had been ordered reported earlier (p. D223).
4. CHICORY IMPORTS. The Finance Committee reported with amendments H. R. 5005, to suspend for 2 years the duty on crude chicory (S. Rept. 1395). p. 4088
5. RECLAMATION. Agreed to a House amendment, and with a further Senate amendment, to S. 2120, to authorize the Secretary of the Interior to construct and maintain the lower Rio Grande rehabilitation project, Tex., Mercedes division. pp. 4112-13
6. AGRICULTURAL CONSERVATION PROGRAM. Sen. Carlson inserted a local soil conservation district resolution recommending that assistance for detention or flood control dams under the ACP program be increased to at least 80 percent or more of the cost of construction. p. 4091
7. STATEHOOD. Sen. Church inserted a newspaper editorial urging the House Rules Committee to report a resolution for consideration of legislation authorizing statehood for Alaska. p. 4090
8. ROADS. Sen. Neuberger inserted a newspaper editorial favoring legislation to regulate the use of billboards along the new interstate highway system. pp. 4090-91
9. FOREIGN AID. Sen. Smith, N. J., inserted an article and a newspaper editorial favoring continued aid to India. pp. 4091-93
10. LEGISLATIVE PROGRAM. Sen. Johnson stated that S. 3420, to extend Public Law 480, will be disposed of before consideration of S. 1356, to transfer certain functions under the Packers and Stockyards Act to FTC. p. 4087

HOUSE

11. PRICE SUPPORTS. The Agriculture Committee reported with amendment S. J. Res. 162, to prohibit reductions in price supports or acreage allotments below 1957 levels (H. Rept. 1508) (p. 4170). Rep. McCormack stated that if a rule were reported the measure would be brought up Thurs. or Fri., Mar. 20 or 21 (pp. 4147-8).
12. DAIRY. The Agriculture Committee reported with amendment H. R. 11178, to extend for two years the school milk, brucellosis, and dairy donation (for armed forces, etc.) programs (H. Rept. 1511). p. 4170
13. TARIFFS. The Ways and Means Committee ordered reported H. R. 10112, to make permanent the existing privilege of free importation of guar seed. p. D227  
The Ways and Means Committee ordered reported H. R. 11407, to extend for 2 years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders. p. D227
14. FORESTS. Rep. Miller, Calif., requested consideration of S. 3262, to authorize Federal grants to construct Olympic facilities for the 1960 winter games on Forest Service land, but Rep. Taber objected. The Speaker stated that he would recognize Rep. Miller Wed., Mar. 19, to move to suspend the rules to consider this bill. p. 4158



Mr. ANDERSON. Mr. President, the House has passed, with an amendment, S. 2120, to authorize construction and rehabilitation of the Mercedes division, lower Rio Grande project, Tex.

The sponsor of the bill, the distinguished majority leader [Mr. JOHNSON] and the Committee on Interior and Insular Affairs, are agreeable to the amendment, which provides:

First. That the construction costs shall be repaid in accordance with ability to repay, which has been indicated to be less than 40 years.

Second. That interest shall be paid on costs attributable to excess lands.

Third. That the authorized cost be increased from \$9,300,000 to \$10 million.

I move that the Senate concur in the House amendment, with amendments to correct a printing error, as follows:

On page 2, line 14, change the period at the end of line 14 to a comma and insert thereafter the present text of section 2, beginning with the words "and shall" in line 21, page 2; and to change the comma preceding the aforesaid words "and shall" to a period and delete the remainder of section 2.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from New Mexico to the House amendment.

The amendments to the House amendment were agreed to.

The question recurs on concurring in the House amendment, as amended.

The House amendment, as amended, was concurred in.

Mr. ANDERSON. Mr. President, I ask unanimous consent that a statement with reference to the amendments be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT ON AMENDMENT 1

In order to clarify the situation as to a proposed repayment period in connection with the first amendment, we feel the following statement is necessary:

In connection with the first amendment relating to the repayment ability of the Mercedes division, it is our view that a precedent for a repayment period for the construction costs of approximately 35 years has been established. This precedent came about in connection with a proposed repayment contract under the Small Projects Act in connection with an application for a loan to Cameron County Water Control and Improvement District No. 1 for the rehabilitation of the Harlingen division, Lower Rio Grande project, where a 35-year repayment period has been agreed on between the Bureau of Reclamation and the Cameron County district concerned.

This 35-year term was agreed upon largely as a result of a hearing before the Subcommittee on Irrigation and Reclamation at which it appeared that the loan could be repaid in that period. The repayment capacity of the lands in the Mercedes division is, we understand, similar to that of the Harlingen area. In addition the Mercedes area has an outstanding bond issue which should be taken into account in fixing a period of repayment under the authorization in S. 2120.

The second amendment is in accordance with precedents in requiring repayment of interest on the construction charges attributable to lands held in excess of 160 acres in 1 ownership.

The third amendment reflects the estimated increased cost of the rehabilitation work on the Mercedes division due to rising prices.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Mr. ELLENDER. Mr. President, the Senate has before it for consideration Senate bill 3420, which extends Public Law 480, the Agricultural Trade Development and Assistance Act of 1954.

Before proceeding to a discussion of the bill now before the Senate, I should like to state that, on February 26, the Committee on Agriculture and Forestry reported to the Senate, Senate bill 3039, which also is a bill extending and amending Public Law 480. It was introduced by the distinguished Senator from Kansas [Mr. SCHOEPPEL] and other Senators. The bill as originally introduced provided for a 1-year extension of Public Law 480, and an authorization increase in the amount of \$1.5 billion.

The Department of Agriculture favored the enactment of that bill, provided that the bill be considered in connection with the Farm Food and Fiber Act, S. 3049; a bill which was introduced by the distinguished Senator from Iowa, for the administration. The bill S. 3049, it will be recalled, provided, among other things, for a further lowering of the support prices on various commodities, particularly the so-called basic commodities and dairy products.

Mr. President, when S. 3039 came before the committee, it was amended to increase the authorization from \$1½ billion to \$2 billion with not more than \$500 million of the increase to be used during the remainder of this fiscal year. The bill was reported, as I stated, under date of February 26. The committee, at the suggestion of the distinguished Senator from Minnesota [Mr. HUMPHREY] agreed not to call the bill up until the committee studied certain amendments which were proposed by the Senator from Minnesota [Mr. HUMPHREY]. These amendments were submitted by the distinguished Senator from Minnesota at a succeeding meeting of our committee. The committee agreed, not unanimously but almost so, to most of the amendments submitted by the Senator from Minnesota [Mr. HUMPHREY]. Mr. President, that is the bill we now have before us.

Before proceeding with the discussion of the bill, I should like to point out that the Department of Agriculture is not entirely in accord with the measure we are now considering. As a matter of fact, in its reports to the Committee on Agriculture and Forestry, the Department of Agriculture, I believe, expressed a preference for the original bill which extended Public Law 480 for 1 year only, instead of 2 years, and the Department recommended that the authorization be increased by not more than \$1½ billion.

Mr. President, I ask unanimous consent to have printed in the RECORD at this

point the letter from the Department of Agriculture dated February 17, 1958, commenting on S. 3039 as referred to our committee.

The letter indicates the views of the Department of Agriculture as to the extension of Public Law 480.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,

OFFICE OF THE SECRETARY,

Washington, February 17, 1958.

HON. ALLEN J. ELLENDER,

Chairman, Committee on

Agriculture and Forestry,

United States Senate.

DEAR SENATOR ELLENDER: This is in response to your request of January 17, 1958, for a report on S. 3039 which proposed to amend the Agricultural Trade Development and Assistance Act of 1954, as amended.

This bill would increase the maximum amount to be appropriated to reimburse the Commodity Credit Corporation for commodities disposed of and costs incurred under title I of the act, from \$4 billion to \$5.5 billion. The bill would also extend the terminal date, through which title I and title II transactions can be undertaken, from June 30, 1958, to June 30, 1959.

We favor the extension of this act as part of the Farm Food and Fiber Act (S. 3049). This temporary disposal program needs to be part of a farm program that will effectively bring the supply of farm products into better balance with market demand.

However, this program must not be allowed to become a device to postpone needed price support and production adjustments. In some instances the movement of basic commodities under Public Law 480 results, under the current escalator provisions of legislation, in higher price supports than would otherwise prevail. For example, on February 7 we announced the price support for cotton at 81 percent of parity. There is no question that this price support is substantially higher than it would have been in the absence of the exports under Public Law 480. This comes at a time when the cotton industry is having difficulties competitively with synthetics and foreign mills. Thus the effect of moving surpluses under Public Law 480 is resulting in incentives to build another surplus. It is not desirable to keep farmers continually under the shadow of price-depressing surpluses.

This program is desirable within our overall policy framework of expanding markets. However, maintaining a range of support prices which is too narrow to permit the commercial growth of markets needed to absorb our production prevents the needed expansion. Therefore, we favor the extension of the Agricultural Trade Development and Assistance Act with the additional \$1.5 billion authorization as part of S. 3049.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON,  
Secretary.

Mr. ELLENDER. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point, a letter from the Department of Agriculture dated March 3, 1958, commenting on S. 3223, the original Humphrey bill, later considered by the committee and which, in an amended form, is the bill now before the Senate.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:



DEPARTMENT OF AGRICULTURE,  
Washington D. C. March 3, 1958.

HON. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture  
and Forestry, United States Senate.

DEAR SENATOR ELLENDER: This is in response to your letter of February 5, 1958, requesting a report on S. 3223, a proposed bill to amend the Agricultural Trade Development and Assistance Act of 1954, as amended.

We favor the extension of Public Law 480 as part of the Farm Food and Fiber Act, S. 3049. It is important that changes in the farm legislation provide for moving toward a better balance between production of farm products and market demand. The administration will also propose certain additional amendments of Public Law 480 in the near future, some of which are mentioned below.

#### TITLE I—SALES FOR FOREIGN CURRENCY

Extension of programing: The proposed bill would increase the title I authority from \$4 billion to \$4.5 billion at cost to the Commodity Credit Corporation to finance foreign currency sales concluded through June 30, 1958, and would provide a new authorization of \$3 billion at market value for programing between July 1, 1958, and June 30, 1960. The proposal would also delete the clause which describes the title I authority as an objective to be reached as rapidly as possible within the safeguards of the act.

We oppose these amendments.

The administration has proposed that the title I authority be increased from \$4 billion to \$5.5 billion at CCC cost and that the terminal date of the program be extended for 1 year to June 30, 1959. This additional authority would permit orderly programing and maintenance of title exports through fiscal year 1959 at about the level attained in fiscal year 1957. The administration construes title I, Public Law 480, as a temporary means of moving accumulated agricultural surpluses abroad in a constructive manner. Therefore, the extension of the act should be limited to 1 year to afford annual congressional review of the program.

If monetary limitations are to be made applicable to particular periods, such limitations should not apply to transactions carried out but should apply to agreements entered into by the President under title I.

We would have no objection to deletion of the clause describing the title I authorization as an objective to be reached as rapidly as possible.

Section 104 (h): The proposed bill would amend section 104 (h) to authorize use of currencies generated by title I sales on a grant basis for financing Smith-Mundt exchange programs in addition to the Fulbright educational exchange programs now authorized.

We favor the proposed amendment.

The use of currencies under section 104 (h) now is limited to academic exchanges such as students and professors. The amendment would permit such exchanges as agricultural leaders, labor leaders, journalists, and civic leaders.

In addition, we expect to submit shortly a proposal to amend this section to permit use of these funds to finance travel costs of dependents accompanying participants in the program.

Section 104 (j): The proposed amendment would delete the clause which states "but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor."

We favor the proposed amendment.

The clause which would be deleted makes it necessary to set out separately in each title I agreement the amount to be used for American-sponsored schools, libraries, and

community centers so that such use will not be subject to the appropriation process. The necessity of doing this eliminates the flexibility which is achieved by lumping in the agreements the amount of currency, intended for several United States uses so that the amount for each specific use may be determined by the United States later.

Section 104 (k): New section 104 (k) would expand assistance to American-sponsored schools presently authorized in section 104 (j) and would permit grants for the establishment of new schools. We would favor a modified form of this amendment and such a proposal we expect to submit shortly.

Section 104 (l): New section 104 (l) would permit assistance to either public or private educational or vocational institutions whether foreign or American sponsored. We oppose this amendment since such assistance may be furnished under either section 104 (e) or 104 (g) to the extent that such expenditures will contribute to economic development.

Section 104 (a): New section 104 (m) would provide assistance to reconstruction, rehabilitation, health, self-help, and other technical assistance-type projects of American voluntary agencies.

We oppose new section 104 (m).

We believe that one of the most valuable features of the American voluntary agencies' program is that help is furnished on a people-to-people basis. This concept would be breached by the use of funds arising from an agreement between the United States and a foreign government to finance technical assistance-type programs undertaken by the voluntary agencies. In addition, turning over public funds for use by voluntary agencies, most of which are sectarian, would raise difficult administrative problems.

Section 104 (n): New section 104 (n) would provide for the financing of research projects in foreign countries to find new uses for United States agricultural commodities.

This new section is unnecessary since this activity is already authorized and is being undertaken under section 104 (a).

#### TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

Extension of programing: The amendment proposes that the present title II authority of \$800 million at CCC cost would expire on June 30, 1958, and would provide a new authority of \$500 million for programing between July 1, 1958, and June 30, 1960.

We oppose this amendment.

The administration has recommended that the current \$800 million authorization is sufficient for a 1-year extension of the program to June 30, 1959. Moreover, the provision for expiration of existing authority on a fiscal year basis would unduly complicate administration of this type of program.

Sections 201 and 202: The amendment would authorize the use of CCC funds for the purchase of non-price-support commodities to be donated abroad under title II.

We oppose this amendment since the basis for the title II legislation is to utilize commodities already in CCC inventory in providing assistance to friendly peoples.

#### TITLE III—GENERAL PROVISIONS

Sections 302 and 416: The amendment provides that nonfood commodities may be donated under programs authorized by section 416 of the Agricultural Act of 1949. This amendment would permit donations in the United States and abroad of commodities such as cotton.

We oppose this amendment.

The donation of nonfood commodities would involve expensive processing costs and would result in greatly increased costs in relation to the quantity of commodities which would be moved. In the case of cotton, for instance, at current mill margins, processing and finishing costs for sheeting,

which is one of the lowest cost fabrics, would be in excess of \$100 a bale. In addition, administrative costs to supervise the program would be relatively high. We do not believe that such a program could be operated without serious impact upon regular commercial markets for these products, particularly in the United States.

Section 303: The proposed amendment would establish a \$500 million yearly ceiling on barter transactions unless a higher level is approved by Congress. It directs the Secretary of Agriculture to protect the funds and assets of CCC by barter for nonstrategic materials as well as strategic materials.

We oppose this amendment.

The Secretary of Agriculture is authorized by section 303, Public Law 480, to determine whether or not a barter transaction will protect the funds and assets of CCC. The exercise of administrative judgment is necessary to successful barter and to selection of transactions which will not be mere substitutes for United States dollar sales which would have been made in any case. The effect of the proposed change in section 303 is not clear. If it is to be interpreted so as not to preclude the continued exercise of judgment as to whether a transaction will in fact protect the funds and assets of CCC, then the change is unnecessary. If on the other hand, the proper interpretation of the proposed language is that the Secretary shall barter on the same basis as before changes in the program were announced on May 28, 1957, then we oppose it as not being helpful to farmers and as contrary to the best interests of the Government.

Expansion of the barter program at the expense of dollar sales would not result in savings in storage charges or increased agricultural exports but merely in substitution of imported materials for the dollars which would otherwise be obtained.

The application of an annual dollar limitation upon the total volume of transactions directed by this section is ambiguous. There are a series of transactions which take place over a period of time under a single barter contract. Would the limitation apply to the total exchange value of agricultural commodities moved during a year, or to the total exchange value of agricultural commodities covered by barter contracts entered into during the year? Does "annually" refer to fiscal year or calendar year?

The Bureau of the Budget advises that there is no objection to submission of this report.

Sincerely yours,

TRUE D. MORSE,  
Acting Secretary.

Mr. ELLENDER. Mr. President, I also wish to read into the RECORD a few statements made by Dr. Paarlberg, Assistant Secretary of Agriculture, which seem to me to be at variance with the views expressed by the Department of Agriculture in the two letters I have submitted for the RECORD. My reason for doing this, Mr. President, is to place the entire matter before the Senate so that Senators may be guided by all of the facts.

I read now from the testimony of Dr. Paarlberg, which appears on pages 2 and 3 of the committee report:

The request for a larger authorization this year is caused by changing world conditions. The dollar position of several countries has worsened and greater demand has resulted from poor harvests overseas. Shipments under past programs, particularly wheat for India, have been accelerated. In addition, we would expect to program part of the new authorization before June 30 if the extension is granted soon enough.



At the same time the Assistant Secretary testified as to the importance of providing adequate authorization, and stated as follows:

In the title I program, orderly programing and shipping is extremely important. These are dependent on continuous programing without time out between utilization of separate authorizations. We have run into periods when title I programing has come to a standstill; for example, the development of new agreements virtually ceased in January 1957 when our authorization was almost exhausted. The availability of funds during the following months would have avoided a backlog of program requests from interested countries. This backlog resulted in the necessity to scale down, delay, or exclude country programs, and in erratic shipment performance. Shipments were running about 800,000 tons a month last spring; these dropped off to less than 400,000 tons and are now just starting to increase again. It is possible that this same condition will exist again unless an extension is granted early in this session of Congress.

Mr. President, I wish to point out that, as I recall, nowhere in its testimony did the Department of Agriculture object to a 2-year extension. Its only objection to a 2-year extension is found in the letters that I have made a part of the RECORD; and while Dr. Paarlberg did not recommend a 2-year extension, his arguments for preventing any lapse of authority such as might occur with a 1-year extension are very persuasive.

Mr. President, I also ask unanimous consent to have printed in the RECORD in connection with my remarks a letter from the American Farm Bureau Federation, dated March 14, 1958, in which the Federation comments on the pending measure. There is no objection stated to the 2-year extension, but it is suggested that the amounts we have provided are entirely too high. It is suggested that the \$1½ billion for the next fiscal year should be made \$1¼ billion, and that for fiscal year 1960, the second year, the amount should be made \$750 million. In other words, the proposal of the American Farm Bureau Federation would reduce the authorization which is provided in the bill by at least a billion dollars.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN FARM BUREAU FEDERATION,  
Washington, D. C., March 14, 1958.

Hon. ALLEN J. ELLENDER,  
United States Senate,  
Washington, D. C.

DEAR SENATOR ELLENDER: As you know the American Farm Bureau Federation took initiative in developing Public Law 480, the Agricultural Trade Development Act. We have always considered this act as a temporary measure designed to increase marketings of agricultural commodities abroad, to assist in reducing the surpluses in the hands of Commodity Credit Corporation and in facilitating foreign market development.

Farm Bureau is opposed to the provisions contained in S. 3420. While we support a 2-year extension of Public Law 480, we feel that it is imperative that we emphasize the fact that this is supposed to be a temporary measure. In order to do this, we must show

our intent of a gradual tapering off of the money authorized for this program. We, therefore, support a 2-year extension of this act with authorization as follows—for fiscal 1959, \$1,250,000,000; for fiscal 1960, \$750 million.

We submit that by increasing the authorization for title I foreign currency sales up to over \$3,500,000,000 in the next 2½ years, plus the proposed mandatory barter provisions of \$500 million is a step not in the best interest of the United States. It will have the effect of making Public Law 480 a permanent part of our agricultural-export program and will have the effect of replacing dollar sales with sales for soft currencies. It is important that the Congress demonstrate its firm intent of tapering off sales for foreign currencies and thereby emphasize the temporary nature of this program.

We should not continue to use Public Law 480 to dump surplus agricultural commodities accumulated because of the continuation of unsound domestic price support and adjustment programs. The freezing of the present programs will insure a continued accumulation of commodities in the hands of Commodity Credit Corporation.

A program of sales for foreign currency can benefit American agriculture only a limited length of time before markets begin to be oriented to this way of doing business. Customer nations start to consider foreign currency sales as a normal part of commercial trade. We view with serious concern evidence that some countries are adjusting their dollar exchange so that very little of it is used for the purchase of American-farm products. Competitor nations will not accept a permanent Public Law 480 without taking serious trade retaliatory action against United States agricultural exports.

Farm Bureau also supports a program of bartering our agricultural surpluses for essential materials. However, we feel that barter transactions must be in addition to normal-dollar sales. Under the provisions of S. 3420 barter transactions would displace dollar sales to a substantial degree. The barter program should be a supplement to normal exports; it should not displace dollar purchases. A barter program as visualized in S. 3420 would cause irreparable harm to United States foreign relations and United States foreign trade. The provision in its present form will tend to nullify some of the good in title I of Public Law 480.

We know of your interest in this program and hope that you will assist us in keeping Public Law 480 on a sound basis. We urge your support in amending S. 3420 so as to reflect the above principles.

Sincerely yours,

JOHN C. LYNN,  
Legislative Director.

Mr. ELLENDER. Mr. President, the bill which is now before the Senate does six things.

First, it extends titles I and II of Public Law 480 for 2 years.

Second, it provides \$1.5 billion a year for title I.

Third, it permits foreign currencies acquired under title I to be used for broader educational exchange of persons, assistance to schools and workshops, and chairs in American studies.

Fourth, it provides for expanded barter.

Fifth, it extends the duty-free entry privilege to nonstrategic materials acquired by barter.

Sixth, it prohibits discrimination against extra long-staple cotton under the act.

I wish to add that this bill, S. 3420, provides, as does S. 3039 to which I referred a moment ago, for an additional authorization of up to \$500 million for use during the current fiscal year, with any remainder being authorized for use in the next fiscal year.

The purpose of Public Law 480 is to use agricultural commodities instead of dollars to expand international trade, encourage economic development, purchase strategic materials, pay United States obligations abroad, promote collective strength, foster foreign policy, and relieve famine and needs at home and abroad.

Title I provides for the sale of surplus agricultural commodities for foreign currencies pursuant to agreements with friendly nations, and the use of those currencies for many purposes of the United States. While the cost of the program has often been charged to agriculture, the foreign currencies are actually used principally by other agencies for other purposes.

The agencies which use these currencies and the purposes to which they are put are shown in a table which I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks. The table shows in detail the various agencies and the amounts which have been programmed for use by them through February 5, 1958.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[In millions of dollars]

Authority	Currency use	Responsible agency	Amount programmed through Feb. 5, 1958
Sec. 104:			
(a).....	Agricultural market development.....	Department of Agriculture.....	43.2
(b).....	Supplemental stockpile.....	Office of Defense Mobilization.....	2.0
(c).....	Common defense.....	International Cooperation Administration and Defense Department.....	290.5
(d).....	Purchase of goods for other countries.....	ICA.....	42.9
(e).....	Grants for economic development.....	ICA.....	61.5
(f).....	Loans to private enterprise.....	Export-Import Bank of Washington.....	44.7
(g).....	Payment of United States obligations.....	Any agency.....	656.5
(h).....	Loans to foreign governments.....	ICA.....	1,349.0
(i).....	International educational exchange.....	Department of State.....	22.2
(j).....	Translation of books and periodicals.....	U. S. Information Agency.....	3.3
(k).....	American-sponsored schools and centers.....	State and USA.....	14.5
Total.....			2,531.3



Mr. REVERCOMB. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. REVERCOMB. Before putting the question, I have in mind the situation under Public Law 480, dealing particularly with the section to which the able Senator is referring at this time, section 101.

Mr. ELLENDER. Of title I?

Mr. REVERCOMB. Yes. As the Senator has stated, it deals with the subject of foreign currencies, and taking foreign currencies in the sale of commodities abroad.

Is there anything in the act which would permit the President to keep such commodities at home and not sell them to foreign countries? I have in mind the situation which exists today in certain localities throughout the country, where there is need for surplus food. I am advised that the view is taken in the Department of Agriculture that the sale for foreign currencies under title I of Public Law 480 takes precedence over free distribution. Does the Senator feel that that is the expression and intent of section 101, or any other section of the law? Does the Senator feel that sale abroad takes precedence over free distribution in this country, when free distribution is needed by many of the people dwelling here?

Mr. ELLENDER. I may say to my good friend from West Virginia that I do not believe there is anything in the act which gives precedence to our own uses with respect to surplus commodities until title I.

As the Senator knows, there are two other titles in the act which deal specifically with gifts to be made abroad, as well as gifts and donations to be made at home. I am certain that the administration of the act should certainly provide for home folks first.

To begin with, the surpluses must be available for contracting, and there must be an abundance, as I interpret the law. I do not know of anything in the act or in the administration of it which would warrant such a conclusion as that indicated by my distinguished friend from West Virginia.

Mr. REVERCOMB. Mr. President, will the Senator further yield?

Mr. ELLENDER. I yield.

Mr. REVERCOMB. I bring this subject to the attention of the Senate because, upon inquiry made by me of the Department of Agriculture, I was informed that sales under this law to other countries take precedence over free distribution, and that for that reason certain surplus foodstuffs now in the hands of the Government will be made the subject of sale instead of free distribution where they may be needed by our own people.

I make this statement so that the able Senator may advise the Senate upon that subject.

Furthermore, if such a provision is not clearly in the law, I advocate at this time that it be made clear that in any instance in which foodstuffs of any kind are needed for free distribution to our own people, such free distribution

shall have precedence over sales abroad. I hope the Senator will agree with me.

Mr. ELLENDER. Am I to understand my distinguished friend from West Virginia to say that if the Department of Agriculture can make bona fide sales of such products—as I hope it has been doing in the past—a reservation must be made out of surpluses to take care of needs which may occur in the future?

Mr. REVERCOMB. No; I did not say that. I refer to the present needs. Once a sale to a foreign country is made, it must be carried out. What I am trying to say to the Senator is that no such sale should be contracted for so long as there is any need in this country for the particular foodstuffs at the time the sale is contemplated.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. AIKEN. Does not the Senator from Louisiana recall that section 416 of the Agricultural Act of 1949 gives the people of this country preference in the distribution of surpluses? That section is contained in the Agricultural Act of 1949.

Mr. ELLENDER. That was with respect to goods which might otherwise be wasted.

Mr. AIKEN. That section sets forth the order in which Commodity Credit Corporation commodities shall be made available.

Mr. ELLENDER. But I do not know of anything in the law, as I have just stated to my good friend—

Mr. REVERCOMB. I cannot find any provision in the law, either one way or the other. The point I am suggesting to the able Senator is that it should be made quite clear that when there are foodstuffs available, when there is a surplus owned by the Government, and there is need—as we know there is today in certain areas—no sale to a foreign country should then be contracted.

Mr. ELLENDER. I am quite sure that the Administrator would certainly have the good sense to keep the food for home use if we had need for it, rather than sending it abroad. I do not see the necessity of putting such a provision in the law.

Mr. REVERCOMB. I can only refer to the philosophy of the great Thomas Jefferson on that subject, when he said, "Let us not rely on the good sense or feelings of people. Let us tie them down with laws."

I suggest to the able Senator, who is chairman of the Committee on Agriculture and Forestry, and who is in charge of the pending bill, that that point be made crystal clear in the act itself, so that there can be no question of interpretation. The law itself should point out what shall be done. If there is any need for foodstuffs here, our people should have them before any sales of such foodstuffs are made elsewhere.

Mr. ELLENDER. Our counsel has pointed out a portion of the act which may to some extent cover the situation to which the Senator from West Virginia is referring. Under title I the President is authorized to enter into

certain agreements with foreign countries for the sale of any of our surplus commodities, whereas, under the amendment made by section 301 to section 407 of the Agricultural Act of 1949 Congress states that the Secretary shall make available any form commodity or product thereof owned or controlled by it for use in relieving domestic distress.

Mr. REVERCOMB. For relieving distress?

Mr. ELLENDER. That is correct. That is as near as I can come to it, to indicate that with respect to the products we have on hand, certainly preference is to be given to the use of those products at home. Under title I it is permissive on the part of the Secretary of Agriculture to dispose of the surpluses for foreign currencies, whereas it is mandatory that he use them to relieve distress at home. The fact is that the Secretary should, without any doubt, in my judgment, use commodities in surplus on hand for home consumption, if there is need for it, rather than contract for their sale abroad.

Mr. REVERCOMB. Mr. President, will the Senator yield further?

Mr. ELLENDER. I yield.

Mr. REVERCOMB. I hope the Senator from Louisiana is correct. Certainly his view is a sound and fair one. I raised the question because an inquiry had been made. It was not a firsthand inquiry on my part. It was an inquiry made about the distribution of certain foodstuffs in America, and I was advised by note that this could not be done; that legal distribution could not be made because under present law, title I of Public Law 480, the Agricultural Trade Extension Act, sales for foreign currencies take precedence over free distribution. I do not believe the law means that.

Mr. ELLENDER. No.

Mr. REVERCOMB. But when that interpretation is placed upon the act, I believe a clarification should be written into the law, even into title I, to the effect that sales for foreign currencies should be secondary and subservient to distribution locally when food is needed in this country.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. WATKINS. Does the distinguished Senator from Louisiana know of any case of commodities such as those referred to having been sold when there was need for them in this country?

Mr. ELLENDER. I do not know of any such case at this time.

Mr. REVERCOMB. Will the Senator yield further?

Mr. ELLENDER. I yield.

Mr. REVERCOMB. With respect to a recent inquiry with respect to stored butter, the question was addressed to the Commodity Distribution Administration, and it was also addressed to the Secretary of Agriculture. I received a reply, indirectly through the one who had made the inquiry, that the distribution could not be made because sale for foreign currency has precedence over free distribution under title I of Public Law 480. If



there is any question about it, whether a case has occurred or not, if anyone handling the subject has any question in his mind, I suggest to the able chairman of the Committee on Agriculture that it ought to be made quite clear, so that that situation cannot arise in the future.

Mr. ELLENDER. I ask unanimous consent to have incorporated in the RECORD, all of section 416 of the act, which was referred to by the Senator.

There being no objection, section 416 was ordered to be printed in the RECORD, as follows:

SEC. 416. In order to prevent the waste of commodities acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons outside the United States. In the case of (3) and (4) above the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States. In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this section the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States.

Mr. ELLENDER. Mr. President, in this section it will be noted that in dona-

tions preference is given, of course, to United States citizens, and it is fixed by categories. Domestic relief is provided for in category 3 and foreign relief is provided for in category 4; but category 4 provides only for donation of food commodities "in excess of anticipated disposition under" categories 1, 2, and 3.

Mr. REVERCOMB. Is that a matter of sales preference or distribution free?

Mr. ELLENDER. This is in the case of donations. The Senator is talking about gifts and donations.

Mr. REVERCOMB. I would say that there should be donations and gifts before there is a sale for foreign currency.

Mr. ELLENDER. I am sure the Secretary would so administer the act, and not the other way.

Mr. REVERCOMB. I should hope not.

Mr. ELLENDER. Of course not.

Mr. REVERCOMB. But the question has been raised. If there is any doubt about it we ought to make the language in the act so clear that there cannot be any question about it. That question has arisen in my mind, based upon an inquiry which was made of the Department of Agriculture.

Mr. ELLENDER. I do not believe the Senator from West Virginia need fear that the Secretary of Agriculture will dispose of commodities which can be used at home.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. JAVITS. I note that the date, under section 3, has been extended from June 30, 1958, to June 30, 1960. It is my conviction and that of many other Senators that perhaps one of the most powerful weapons in the cold war is Public Law 480, because thereby—and this has been discussed many times—we are able to help a people, like the people of India, bring about industrialization without collectivization, as is the case in Communist China, by feeding themselves while engaging in some effort to industrialize in order to meet modern conditions.

Does the chairman of the Committee on Agriculture and Forestry feel that the time allowed is adequate for long-term agreements with the recipients of this kind of aid so they can fit them into their plans? India, for example, has a 5-year plan. We are helping India with money and also with some aid under Public Law 480. Has the committee give consideration to the question of sufficient time being allowed for long-term contracts so as really to make this kind of aid the decisive weapon in the cold war it is capable of being?

Mr. ELLENDER. As I understand, this does not limit the duration of any agreement that may be made. It is merely a limit on the time within which an agreement may be made.

Mr. JAVITS. In other words, delivery can be made even for more than 5 years, to the extent of the authorization, provided the arrangements be made before June 30, 1960.

Mr. ELLENDER. Yes. In other words, the 2-year provision simply limits

the time in which the agreements can be made.

Mr. JAVITS. I think that is very desirable flexibility. I compliment the chairman upon that feature of the bill.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. I was very much interested in the statement of the Senator from West Virginia. I observe he has left the floor. I think the language which has just been discussed must be clarified if there is any doubt about it at all. I have no doubt in my mind.

Mr. ELLENDER. I have no doubt, either.

Mr. HUMPHREY. It is rather shocking to me, I say most respectfully to the chairman, if anyone in the Department of Agriculture has indicated by insinuation, by direct statement, or by whatever other means the indication may have come, that the food is not available for domestic distribution.

There are the school lunch program and the surplus disposal program, the latter a major program for the needy. Title III of Public Law 480 is just as controlling as title I.

Section 407 of the act is just as controlling as section 410. If there is no doubt at all, and if there are any needy people in the United States, all the President has to do is to declare that there are some, and the language is so drawn that even Mortimer Snerd can understand it. It reads:

Notwithstanding the foregoing, the corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product either owned or controlled by it for use in relieving distress (1) in any area in the United States declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities.

Mr. ELLENDER. I pointed that out.

Mr. HUMPHREY. That is what the Senator said. Then there is section 416, to which the Senator has referred. I point out that if there is any danger of spoilage, then, indeed, there must be a use of the materials. More than that, there ought to be a warm heart, something which cannot be written into the law. There ought to be a little plain, good sense, which cannot be written into the law. If we add good sense and a warm heart to the specific details of the law, I am certain the Department of Agriculture will find no reason ever to tell any Senator that surplus foods are not available for the needy and distressed people of the United States. I am shocked to hear any Senator say he heard such a statement from the Department. I do not deny that it came from the Department; I am very certain that it came from the Department; but that is all the more shocking.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. AIKEN. I remember making an inquiry of the Department as to why some surplus foods were not made avail-



able for relief purposes and for use by the States to help needy people.

About a week ago I received a letter from the Secretary, in which he said that the supply of butter on hand at this time was not adequate to guarantee that the school-lunch program could be supplied through another year. He said he felt it would be unwise to offer it for relief purposes until it was certain that there would be enough to supply the school-lunch program and other programs which are virtually required by law.

However, I would expect the Government to become the owner of a considerable quantity of butter within the next 2 weeks, and I think we may expect in the immediate future that butter will be made available for relief purposes and for the use of the needy. I hope that will be done; I believe it will be done; it ought to be done.

Mr. ELLENDER. Mr. President, the table which I offered a while ago, before I was interrupted, shows that through February 5, 1958, the total amount of the foreign currencies program has been \$2,531 million. Of this amount, only \$43.2 million has been planned for use by the Department of Agriculture for market development. The remainder of the planned uses for the \$2,531,300,000,

and the agencies responsible for their expenditures, are shown in the table.

The approximate quantities of agricultural commodities covered by agreements signed through February 5, 1958, which have been or will be used in lieu of dollars for the various uses authorized by title I, are as follows:

#### COMMODITY AND QUANTITY

Wheat and flour, 549,366,000 bushels.  
Feed grains, 132,963,000 bushels.  
Rice, 25,507,000 hundredweight.  
Cotton, 2,982,600 bales.  
Tobacco, 174,424,000 pounds.  
Dairy products, 162,210,000 pounds.  
Fats and oils, 2,246,072,000 pounds.  
Poultry, 3 million pounds.  
Dry edible beans, 44,000 hundredweight.  
Fruits and vegetables, 196,826,000 pounds.  
Meat, 150,962,000 pounds.  
Hay and pasture seeds, 9,000 hundredweight.

As I indicated a while ago, title II of the bill provides for famine or other urgent or extraordinary relief to friendly peoples. Authorizations under this title through December 31, 1957, are shown in a table which I ask unanimous consent to have printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Transfer authorizations issued under title II, Public Law 480, July 1, 1954, to Dec. 31, 1957*

[In thousands of dollars]

Area and country	Total	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
Europe (total).....	141,855	61,777	22,750	14,825	1,597	33,666	811	6,429
Austria.....	14,278		14,278					
Czechoslovakia.....	1,995		1,995					
Germany, Federal Republic.....	3,000	236	686	911		367	171	629
Germany, Soviet occupied.....	758	236	380	81			61	
Hungary.....	13,713	4,468	1,920	2,095	442	4,293	495	
Italy.....	50,016	11,459	3,491	10,306	1,155	28,905		3,700
Spain.....	2,100							2,100
Yugoslavia.....	46,995	45,378		1,432		101	84	
Africa (total).....	23,840	22,636				1,204		
Libya.....	9,335	9,335						
Morocco.....	7,000	7,000						
Tunisia.....	7,505	6,301				1,204		
Near East and South Asia (total).....	78,586	41,866	61	9,691		5,289	17,205	4,474
Afghanistan.....	11,153	11,153						
India.....	4,665	1,017				1,165	2,483	
Iran.....	2,748	2,748						
Nepal.....	210	145	61			4		
Pakistan.....	47,630	22,073		6,149		253	14,681	4,474
Turkey.....	12,180	4,730		3,542		3,867	41	
Far East and Pacific (total).....	42,254	28,807				8,300	5,069	78
Cambodia.....	2,343						2,343	
Japan.....	36,381	28,081				8,300		
Korea.....	78							78
Laos.....	839						839	
Ryukyu Islands.....	1,887						1,887	
Vietnam.....	726	726						
Latin America (total).....	40,836	15,690	13,688	1,491	1,393	1,281	4,765	2,528
Bolivia.....	17,182	10,102		1,137		391	3,024	2,528
British Honduras.....	273	22	25	106	46	44	30	
Costa Rica.....	212		37	68	51		56	
Guatemala.....	3,238		3,238					
Haiti.....	3,363	205	134	180	1,226	45	1,573	
Honduras.....	211		59		70		82	
Mexico.....	216		216					
Peru.....	16,141	5,361	9,979			801		
Christmas holidays.....	16,688	2,306		5,973	1,005	4,206	3,198	
Total commodity programs.....	344,059	173,082	36,499	31,980	3,995	53,946	31,048	13,509
Ocean freight: <sup>1</sup>								
Title I shipments.....	10,390							
Title III foreign donations.....	36,211							
Grand total.....	390,660							

<sup>1</sup> Including transportation costs financed under Public Law 480 only. Ocean freight paid by the United States prior to fiscal year 1957 was financed under the Mutual Security Act.

#### OPERATIONS UNDER TITLE III

Mr. ELLENDER. I now come to title III. Title III provides, first, for donations for domestic use and for distribution abroad by nonprofit voluntary agencies and intergovernmental organizations, and, second, for Commodity Credit Corporation barter activities.

During the last 6 months of 1957 domestic donations under title III and section 32 of Public Law 320, 74th Congress, totaled approximately 321 million pounds, of which about 240 million pounds, valued at \$33 million, were distributed under title III. Recipients included more than 13.6 million schoolchildren, 1.4 million persons in charitable institutions, and about 2.6 million needy persons in family units.

Commodities approved for foreign donation during the last 6 months of 1957 totaled 1,174.3 million pounds, valued at \$181.4 million, on the basis of Commodity Credit Corporation costs, which are shown in a table which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[In millions]

Commodity	Pounds	Estimated CCC cost
Cheese.....	114.7	\$52.2
Cornmeal.....	187.7	13.9
Corn.....	35.9	1.5
Wheat flour.....	402.8	31.4
Milk, nonfat dry.....	341.4	70.0
Rice.....	68.2	11.2
Wheat.....	23.6	1.2
Total.....	1,174.3	181.4

Mr. ELLENDER. Mr. President, barter contracts entered into in the last 6 months of 1957 totaled \$3 million, as compared with \$870.1 million during the entire period covered by title III, and \$107.6 million for the period 1949-50 through 1953-54 under barter authority prior to the enactment of title III. I ask unanimous consent that the table containing these figures and other matters be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Summary of barter contracts entered into in specified periods<sup>1</sup>*

[In millions of dollars]

Materials	1949-50 through 1953-54	1954-55 through 1956-57	July-December 1957
Strategic:			
Minimum stockpile.....	71.8	2 138.7	
Long-term stockpile.....		2 264.2	
Supplemental stockpile <sup>3</sup> .....		2 368.8	3.0
Total strategic.....	71.8	771.7	3.0
Supply: <sup>4</sup>			
ICA.....	28.4	31.0	
AEC.....		13.3	
Defense.....	7.4	54.1	
Total supply.....	35.8	98.4	
Grand total.....	107.6	870.1	3.0

<sup>1</sup> Years beginning July. December 1957 preliminary.  
<sup>2</sup> Adjustments have been made to reflect total sales to minimum stockpile as follows: \$119.2 million long-term and \$8.9 million supplemental.

<sup>3</sup> Materials transferred or to be transferred to supplemental stockpile with reimbursement as provided by sec. 206 of the Agricultural Act of 1956.

<sup>4</sup> Materials, goods, and equipment for other Government agencies.



Mr. ELLENDER. Public Law 480 was enacted in 1954. Contracts under title I were authorized at that time to be entered into up to June 30, 1957. Programs of assistance under title II were authorized to be undertaken up to the same date, June 30, 1957. Title III authority was permanent. On August 13, 1957, titles I and II were renewed and extended until June 30, 1958. The program has been a highly successful one and its extension is generally favored. Extensive hearings were conducted on operations under the law last June and July and many of the provisions in the bill grew out of those hearings. The committee conducted 2 days of hearings this year, and no witnesses appeared in opposition to its extension.

The hearings to which I referred as having been held last year were conducted under the direction of my able friend, the junior Senator from Minnesota [Mr. HUMPHREY], who filed an excellent report with the committee. He outlined how the program had worked. The report has been of great assistance to the committee in determining whether or not there should be added to the bill the amendments which the committee finally decided to add.

The action of the committee in reporting the bill was unanimous, except as to the amendments relating to barter and, as I recall, on the amount to be provided for each year. Some Senators reserved the right to vote for such amendments as might be offered which would eliminate or modify the barter provision, and also such amendments as might be offered in order to reduce the amounts finally agreed to by the committee as a whole.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. The amount included in the barter provision should be interpreted as the ceiling.

Mr. ELLENDER. Yes.

Mr. HUMPHREY. It is the maximum amount. There was no maximum provided in the previous authorization.

Mr. ELLENDER. When I referred to amounts, I did not have in mind the amounts in the barter provision. What I had in mind were the amounts fixed under title I for contracting purposes, for the 2 years of extension which have been provided.

Mr. HUMPHREY. Yes.

Mr. ELLENDER. The Commodity Credit Corporation investment in agricultural commodities of \$6 billion at the time of enactment of Public Law 480 rose to \$8.2 billion on June 30, 1956, and is now \$6.8 billion. United States agricultural production is expected to continue at a high level and the dollar position of many countries has worsened. All of these factors require the extension of titles I and II for 2 years to June 30, 1960, as provided by the bill. In providing for a 2-year extension and adequate funds, the committee hopes to avoid a cessation of activities such as occurred last year.

The original authorization for title I was \$700 million. This was increased to \$1.5 billion on August 12, 1955, then

to \$3 billion on August 3, 1956, and finally to \$4 billion on August 13, 1957—which, by the way, is the amount under present law. The development of new agreements virtually ceased in January 1957, when the authorization was almost exhausted, and opportunities for new agreements were undoubtedly lost at that time. The present authorization is exhausted, or nearly so, only about \$340 million having been still available on February 5. The Department expects to program part of the new authorization before June 30, if funds are made available soon enough.

The bill would put the authorization on a fiscal year basis, providing authorization of \$1.5 billion for each fiscal year, any unused authorization to be carried forward to succeeding fiscal years. For the remainder of the fiscal year 1958 and for the fiscal years 1959 and 1960, this would mean a total of \$3.5 billion. This is based on Commodity Credit Corporation costs. On the basis of the export market value of the commodities and other costs, this would be equivalent to probably somewhat less than \$2.5 billion, since \$3.7 billion used as of February 5 represented about \$2.5 billion in market value.

This bill also provides two additional uses for foreign currencies under title I.

Section 104 (h), which now provides for educational exchanges under the Fulbright amendment to the Surplus Property Act, would be extended to provide for exchanges under title II of the Smith-Mundt Act. This would permit use of these funds for exchanges of persons not affiliated with educational institutions.

A new section 104 (k) provides for assistance to established American-sponsored educational institutions abroad, workshops in American subjects, and chairs in American studies.

These additional uses should do much to promote a better understanding and goodwill between our country and foreign lands.

Section 5 of the bill makes several changes in the barter authority provided by section 303 of Public Law 480. From the enactment of Public Law 480 until June 30, 1957, barter contracts totaling \$870.1 million were entered into, for an average during each 6 months of \$145 million. Barter contracts totaling \$125.1 million were entered into during the first 6 months of 1957. In May 1957, major program revisions were made for the asserted purpose of assuring that commodities exported under barter arrangements result in a net gain in the total volume of agricultural exports. As a result of these program changes, barter has practically been stopped as a means of disposing of commodities—dropping to \$3 million in the last 6 months of 1957.

Mr. President, a substantial decrease in barter occurred after the Department revised its program. In the 6 months before these provisions were put into effect, barter contracts totaled \$125.1 million. The drop to \$3 million, after the new regulations became effective is the principal reason why the committee considered the amendments which were submitted by the distinguished Senator from Minnesota [Mr. HUMPHREY].

Mr. YOUNG. Mr. President, will the Senator from Louisiana yield to me?

The PRESIDING OFFICER (Mr. SCOTT in the chair). Does the Senator from Louisiana yield to the Senator from North Dakota?

Mr. ELLENDER. I yield for a question.

Mr. YOUNG. Is it not true that only under the barter agreements has the Department of Agriculture made a profit? In other words, when we accept the currencies of other countries for our surplus food—particularly some of them—there is a great loss. But under the barter arrangements we have actually made a profit.

Mr. ELLENDER. Yes; the Senator from North Dakota is correct. In fact, the distinguished Senator from Minnesota [Mr. HUMPHREY] pointed out in his report, I believe, as well as at the hearings, that the Government made quite a good deal of money on the various materials it has taken in exchange for our commodities. I do not know the exact amount. On that point, I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, the latest figures—and I believe they are agreed to by the Department of Agriculture—show that even at the present depressed world prices for raw materials—and we know that at this time the prices are down—there is a net profit of \$55 million to the Government of the United States as a result of barter trades, plus the saving as a result of no longer having to store the goods which have been bartered. The goods bartered formerly cost the American taxpayers \$106 million a year in storage charges. Every year, that amount was required for storage charges, alone. On the other hand, the storage charges on the materials we have obtained through the barter agreements finally concluded amount to but \$3,300,000 a year.

So every year there has been a saving of \$102,700,000 in storage charges, plus a net profit of \$55 million on the goods acquired.

Mr. YOUNG. Mr. President, will the Senator from Louisiana yield further to me?

Mr. ELLENDER. I yield.

Mr. YOUNG. Is it not also true that many foreign countries are so hard up that the only things they can usually use, in trading for our surplus foods, are the strategic materials of which we are in short supply?

Mr. ELLENDER. In some cases that may be true.

Mr. YOUNG. They cannot use their own currencies in payment for our surplus materials, because in many cases their own currencies have little value.

Mr. ELLENDER. But the Senator from North Dakota knows that under the agreements under title I, the Secretary is authorized to accept the currencies of the host countries.

Mr. YOUNG. Yes.

Mr. HUMPHREY. For sales.

Mr. ELLENDER. Yes. As was pointed out by the Senator from Minnesota [Mr. HUMPHREY]—and, in fact, the entire committee agreed—we should make every effort to obtain something of value



for these commodities, rather than continue to accept the currencies of the other countries, which may or may not be useful to us.

Mr. YOUNG. Mr. President, will the Senator from Louisiana yield further to me?

Mr. ELLENDER. I yield.

Mr. YOUNG. Would the Senator from Louisiana mind if I read into the RECORD a statement of the position of the American Farm Bureau Federation in regard to barter; or has it already been placed in the RECORD?

Mr. HUMPHREY. No.

Mr. ELLENDER. I yield for that purpose.

Mr. YOUNG. I read from page 42 of the hearings:

#### BARTER

The Farm Bureau also wishes to take this opportunity to renew its support for the principle of the barter program. Farm Bureau policies state:

"Our essential raw materials stockpiling program should be continued with proper safeguards. Surplus farm products should be traded under Public Law 480 and otherwise, for essential materials that may be stored indefinitely without deterioration. Security stockpiles should be isolated from normal domestic requirements and used only in case of national emergency."

We feel that it is possible to conduct an effective barter program without displacing dollar sales.

I thank the Senator from Louisiana.

Mr. HUMPHREY. Mr. President, will the Senator from Louisiana yield further at this point?

Mr. ELLENDER. Yes; I yield.

Mr. HUMPHREY. I know the barter section of the bill is going to be a subject of controversy. I have already been visited by representatives of the executive branch of the Government. I extended to them the hand of cooperation, asking if they could suggest any language which they thought would be less objectionable than that contained in the bill before the Senate. The answer was "None," indicating a total lack of any cooperation. I may as well serve warning I am prepared to do battle on this matter.

Furthermore, what the Department is unable to prove—the loss of cash sales in normal markets or displacing of other sales from friendly countries. The Department is unable to show that by bartering we have in any way upset American markets.

No doubt the Department of State will say, we are injuring somebody else somewhere down the line. I do not desire to do that. They have no evidence to indicate that would be the result, but they will make the assertion. Furthermore, barter does permit the accumulation of dollars by some countries, so that with the dollars they can purchase goods in the United States.

I wish to say to the Senator from North Dakota the one commodity the State Department and the Department of Agriculture are complaining about in connection with barter is wheat. The sales of all other commodities have been for soft currencies. Sometime ago, for example, the Department of State was complaining about the sale of rice. Rice was sold for soft currency. Then it was

complaining about the sale of cotton. Cotton was sold for soft currency. But there is one commodity to which the Department continually refers in its criticism, and that is wheat; but the Departments' argument in respect to wheat is just as fallacious as it was with respect to the other commodities.

Mr. YOUNG. There is probably a good reason for that. Two, and possibly three, international traders of wheat object to this means of doing business because they can make more money under other provisions of the bill. I think that is absolutely true. The Department went along with the barter program. The farm organizations were for it. It was a better deal for the United States and the countries involved. All of a sudden the Department dropped it because of the opposition of some international traders.

Mr. ELLENDER. Mr. President, as I pointed out, the record shows that the barter program was rather successful and that we were able to dispose of more than \$800 million of goods for strategic materials.

The amendments proposed by the Senator from Minnesota [Mr. HUMPHREY] have broadened the base on which we can barter. He has surrounded these programs with new objectives. For instance, section 303 of Public Law 480, as it would be amended, provides that "the Secretary is directed, to the maximum extent practicable within the limit permitted by this section, to barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges"—as was pointed out a while ago.

Subsection (b) of section 303 contains these words:

Materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs.

It strikes me if there is a will to administer the barter provision as intended by the law a way can be found to do it successfully.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Oregon.

Mr. NEUBERGER. On behalf of many of our wheatgrowers, as well as people who own fruit orchards, I want to thank the chairman of the committee for bringing before the Senate the proposed extension of Public Law 480. I know no Member of the Senate who is more qualified to sponsor a bill which will funnel our agricultural surpluses overseas, because he himself has had such intimate contact, in his wide travels, with countries in the rest of the world.

Mr. President, the people of Oregon have come to know about Public Law 480 favorably through the participation of the Oregon wheat growers in the programs authorized and implemented by what is known as the Agricultural Trade Development and Assistance Act, S. 3420. The bill to extend this act, is

also of interest to many Oregon growers of various orchard fruits.

I discussed the Public Law 480 program, at some length, on the floor of the Senate in August of 1957. I particularly emphasized the tremendous beneficial impact this program has had on good relations between the United States and the countries which have purchased these surplus foods with their own currencies.

Mr. President, Oregon has always depended greatly on export markets for the sale of a large share of its production of wheat and fruits. The Public Law 480 program has been helpful in keeping open many of these avenues of consumption and in developing some new ones. The peoples of Japan, South Korea, India, and Pakistan favor the soft wheats of the Northwest in their diet. The Oregon Wheat League, Mr. President, has spent many thousands of dollars of its own money exploring and developing the Asiatic markets.

When the ships move out of west coast ports, laden with wheat and fruits, and bound for countries participating in the Public Law 480 program, the benefits spread far beyond the producers of these commodities. Work is created for the men in the warehouses, mills, processing plants, and elevators. The transportation industry is greatly stimulated. Freight cars, trucks, and barges move wheat forward to ports where it is reloaded for its overseas destination. Crews are needed to man the ships, and the service industries who must do repair and maintenance duties share in the increased activity.

Thinking in these terms, it is natural that Oregon, now unhappily faced with the second highest unemployment rate in the Nation, should look with keen anticipation on the enactment of S. 3420 and extension of the Agriculture Trade Development and Assistance Act for another period of 2 years. In fact, some of our Oregon people have advocated the extension of the act for a 5-year period.

There is one question that we hope may be resolved in the near future that is tied inextricably to the operation of the Public Law 480 program. I have already mentioned the fact that people of the Orient, in about 90 percent of their purchases, prefer the soft white wheat which is the principal crop of the wheatgrowers of the Northwest. This makes excellent cakes, cookies, scones and crackers. However, for the past 5 or 6 months, the policy of the Department of Agriculture has been to restrict the movement of the soft wheat, and instead to channel the hard red wheat to the markets of the Orient—much to the dislike of the ultimate consumers, whose tastes and dietary habits are accustomed to a large percentage of soft wheat. Our wheat people of the Northwest feel this is a policy that may jeopardize an expanding market which is being developed through the investment of a tremendous amount of American capital. It is unfair to the Pacific Northwest.

Officials of the Oregon and Washington Wheat Leagues have had long conferences with officials of the Commodity



Stabilization Service just recently. Northwest wheatgrowers are hopeful that the Department of Agriculture will see the wisdom of programing, via Public Law 480 channels, an additional 15 million bushels of soft wheat into the markets of Korea, Pakistan, and India during the months between now and July 1, 1958. The impact of this problem has now gone beyond the confines of Wheat League membership. Labor has given official cognizance to it and recognizes in terms of the overall effect on the Northwest's economy, the importance of a favorable policy decision channeling Public Law 480 surpluses to the above-named nations.

Mr. President, I ask unanimous consent to have included, as a part of my remarks, the pertinent letter and resolution from the Multnomah County Labor Council, AFL-CIO, which is addressed to this problem. I also ask unanimous consent to include in the RECORD, three news releases issued by the Oregon Wheat Growers League which illuminate the importance of the Public Law 480 program.

There being no objection, the letter, resolution, and news releases were ordered to be printed in the RECORD, as follows:

MULTNOMAH COUNTY  
LABOR COUNCIL, AFL-CIO,  
Portland, Oreg., March 12, 1958.

Hon. RICHARD L. NEUBERGER,  
United States Senator,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR NEUBERGER: Enclosed herewith is a copy of a resolution, which was unanimously adopted by the Multnomah County Labor Council, AFL-CIO, at its last regular meeting held March 10, 1958.

Certainly, as one of the large grain export ports on the west coast, any policies of the Department of Agriculture regarding the control of northwest white wheat is a definite factor in employment in this area.

We feel that because of the tremendous surplus of this same northwest white wheat now stored in this area, that a relaxation of the provision of Public Law No. 480 would greatly aid in the employment of everyone within the maritime industry of Portland and vicinity.

Sincerely,

EDWARD J. WHELAN,  
Secretary.

Whereas the present policy of the United States Department of Agriculture, under Public Law 480, excludes the sale of western white wheat to India, Pakistan, and Korea and does give preference to hard red wheat sales from the gulf and Atlantic coasts; and

Whereas this policy based upon previous wrong surplus estimates has caused a price-depressing surplus of white wheat in the Northwest, and has deprived Pacific coast ships of many grain export cargoes, consequently causing wide unemployment among seamen, officers, and others in the Portland maritime industry; and

Whereas our community and Oregon is now a labor-surplus area with much unemployment and is in need of all business and contracts possible: Therefore, be it

Resolved, That in order to stimulate the Northwest white wheat export business and shipping and reduce unemployment in the Portland maritime industry, that the Multnomah County Labor Council, AFL-CIO, request Secretary of Agriculture Ezra Benson to modify this policy and make effective immediately, a program that will allow a proportionate amount of northwest white wheat

to be sold to these countries under Public Law 480; and be it further

Resolved, That we also enlist the aid of our Oregon Senators and Congressmen in Washington, D. C., in obtaining this change of policy.

Respectfully submitted.

MULTNOMAH COUNTY LABOR COUNCIL,  
AFL-CIO.

EDWARD J. WHELAN, Secretary.

OREGON WHEAT GROWERS LEAGUE,  
Pendleton, Oreg.

PENDLETON, OREG., March 4, 1958.—White wheat from the Pacific Northwest may soon sell again under Public Law 480, reported Jack Smith, president of the Oregon Wheat Growers League, on his return today from Washington, D. C.

Smith and Dick Baum, OWGL executive vice president, presented written and vocal presentations to Government agricultural officials and Members of Congress on behalf of white-wheat producers and exporters.

Continuation of price supports on wheat at an average national level of \$2 a bushel for 1958 crop were strongly supported. "Lowering supports would not market any more wheat or reduce the price of wheat foods to the consumer," Baum said. He stated that chances are good that supports will be stabilized. The white-wheat policy was instituted last year after 204 million bushels of white wheat were sold from Pacific Northwest ports. The record movement primarily was caused by Public Law 480 sales to India.

Because of the movement, the price went up to about 40 cents above the loan rate, forcing the Government subsidy to 97 cents. The carryover on July 1, 1956, of 135 million bushels was reduced 1 year later to 55 million bushels. Red-wheat producers in the Corn Belt and Southwest weren't so fortunate.

The Department of Agriculture foresaw a storage problem in those areas because the red wheat wasn't moving nearly as rapidly as white wheat. The Department also predicted the white-wheat carryover July 1, 1958, would be 12 million bushels.

A major reason modification of the white-wheat policy is sought, said Smith, is that the estimate now has been raised to 36 million bushels. This is approximately half the annual white-wheat production in the Pacific Northwest.

India, Pakistan, and South Korea have requested white wheat under Public Law 480 for purposes which red wheat cannot satisfactorily fulfill.

Baum and Smith requested the Agriculture Department allow the movement of three to four million bushels of white wheat a month. This, they contend, would not upset the market price.

[From Far East representative, Oregon Wheat Growers League, Tokyo, Japan]

BREADMAKING, BREAD-EATING TECHNIQUES  
INVADING JAPANESE RICE REGIONS

Pacific Northwest wheat is invading rural Japanese areas where rice eating is traditional under one of the wheat-dish familiarization programs which have now been completed by the Oregon Wheat Growers League.

Under this program, according to the league's Far East representative, Joseph J. Spiruta, some 1,500 professional home economists are touring parts of the remotest prefectures to explain to housewives in agricultural areas the techniques of wheat-foods preparation and the beneficial aspects of wheat eating.

Spiruta's opposite number in the Ministry of Agriculture and Forestry, whose home-life improvement section has done so much to bring about the league program's success, is a diminutive Japanese lady, Mrs. Matsuyo Yamamoto, the first woman to be sec-

tion chief of this key Japanese ministry. Mrs. Yamamoto, a graduate of the Tokyo Women's Christian University, is also a graduate of Washington State College in the home economics division.

Project D—as this program is known to the United States Department of Agriculture's Foreign Agricultural Service—started at the prefectural, or state, level.

Each prefecture sent a home economist, together with one food specialist, to Tokyo for training, to study (1) the fundamentals of wheat-foods preparation, and (2) the use of these foods in the daily diet with suitable side dishes.

After a period of 21 days of study, lectures, and observations, the 92 technicians returned to their 46 prefectures to teach, in turn, a total of nearly 1,500 women extension agents what they had learned about wheat dishes. These women, all part of the nationwide, rural extension, adult education, and home-improvement extension service programs, are already meeting with parent-teacher associations, with fisheries and agricultural cooperatives, and with other groups to spread the word about wheat—about Pacific Northwest wheat as it affects this Asian nation.

This program of taking soft wheat into regions where hitherto rice has reigned as king is yet another of the Oregon Wheat Growers League's ideas for probing the vast Japanese wheat-consuming potential. It has been operated through the cooperation of the foreign agricultural service and the home-life improvement section of the Ministry of Agriculture and Forestry.

[From the Oregon Wheat Growers League]  
ALL-OUT ADVERTISING CAMPAIGN EFFECTIVE

TOKYO.—Release of Japanese Ministry of Agriculture and Forestry statistics reveal that soft wheat flour products gained 10 percent in 1957 even though total wheat usage dropped. Abundance of domestic grown rice resulting from a bumper crop is to blame. Japan harvested its third consecutive abnormally large rice crop during the 1957 season.

Primarily responsible for the soft wheat gain under these adverse conditions has been an ambitious nationwide advertising and sales promotion campaign costing more than a quarter million dollars.

This past March 18, 1957, a project was entered into between the Foreign Agricultural Service of the United States Department of Agriculture and the Oregon Wheat Growers League for a broad-scale market development program to bolster the sale of wheat flour products in Japan.

Through advertising in newspapers and magazines, radio and television, posters and leaflets, cooking demonstrations and parades, bread festivals and special sales, films and quiz programs, and prize contests, Japanese housewives are urged to use more wheat foods. Cooperation comes from the Food Life Improvement Association, and the following industrial organizations; the All-Japan Bakers Cooperative Federation; the Japan Wet Noodle Makers Association; the Japan Dry Noodle Makers Association; the All-Japan Biscuit Makers Association; and the All-Japan Macaroni Makers Association.

Jack Smith, president of the league, said today, "Responsible people in Government and Japanese nutrition circles recognize that national health will be improved if steps are taken to increase the per capita intake of wheat by those now familiar with the grain and to introduce wheat foods to those to whom such things as bread, wet and dry noodles, biscuits, and macaroni are still virtually unknown."

"Steps have been taken," he continued, "to introduce Pacific Northwest soft white wheat to Japanese through a broad program of education carried forth to bakers, nutritionists, home economists, extension workers in rural



areas, school lunch program planners, government officials, and, of course, the general public."

Mr. NEUBERGER. Mr. President, I realize this is quite largely an administrative question. Perhaps I should not burden the chairman of the committee with it at all. It may be that the additional grants provided for in the bill can have some bearing on it.

I know the wheatgrowers in the State of Oregon feel a disproportionate amount of hard, red wheat of the Middle Western States, rather than the soft wheat of the Pacific Northwest States, is going to the Orient. Is there any way at all in which this situation can be corrected legislatively, or in which Public Law 480, now before the Senate, can have some bearing on that question?

Mr. ELLENDER. I assume there would be, but personally I would rather see it be done without earmarking.

Mr. NEUBERGER. I realize that would result in a competitive situation which might open up a Pandora's box.

Mr. ELLENDER. It might do that. We had similar suggestions made to our committee by the ricegrowers. They thought—with perhaps some justification—they were not getting their just share of the amount made available in the bill. Although I come from a rice-producing area, I do not favor at this time earmarking any of the funds for any particular purpose because it will certainly pose great administrative problems. I hope, however, that good judgment will be exercised by the administrator of this measure and that he will see to it that all commodities in surplus are treated equitably, as indeed they must be.

Mr. NEUBERGER. I want to say to the chairman of the committee that although I come from a so-called soft-wheat State, I share with him the thought and the principle that there should not be any earmarking. Once it was started, the portals and floodgates would be opened. I am inclined to think—I am sure it is the chairman's thought—that the Department of Agriculture, within the limits provided, will administer Public Law 480 as equitably as possible, not only as between commodities, but as between various categories within commodities.

Mr. ELLENDER. I think so. So far as possible, I shall be glad to lend my efforts to that end. I think it ought to be done that way. Not only categories of commodities, but areas in the country, should be taken into consideration.

Mr. NEUBERGER. Geographical areas?

Mr. ELLENDER. Geographical areas. I have been given assurance that is what is being done.

Mr. NEUBERGER. I thank the Senator from Louisiana.

Mr. ELLENDER. I hope that it will not only be continued, but that there will be frequent reappraisal. If it is not being done in the manner we have just indicated, it may be necessary for us to act to see that it is done that way.

As I said, the rice producers came to me. I took the matter up with the Department. After going over it very care-

fully, I found that considering the quantity of rice produced in contrast with the quantity of wheat produced and in contrast with the quantity of cotton produced, rice had received a fairly equitable share of the amount appropriated.

Mr. NEUBERGER. That is as much as any commodity or any segment of a commodity could expect.

Mr. ELLENDER. That is correct. I have been assured by the Department that is the policy. I hope it will continue to be the policy, because all commodities must be treated equitably.

Mr. NEUBERGER. I think it is characteristic of the chairman of the committee that he has not sought preferential treatment for the commodity produced within his own State. I know his reply in this respect will be most reassuring to the growers of soft wheat in the Pacific Northwest, particularly in Oregon and Washington.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. AIKEN. I would not want the RECORD to show that the wheat growers have been discriminated against in the program.

Mr. NEUBERGER. If the Senator will pardon me, I did not make any such claim. I trust the Senator heard my remarks.

Mr. AIKEN. I did not hear the Senator very well. To be complimentary, the Senator's voice is not raucous.

Mr. NEUBERGER. The Senator is very kind.

The point I made was not that wheat as a whole had been discriminated against. I brought up the fact that the growers of soft wheat in the Pacific Northwest, which is quite different from the hard red wheat produced in the different climate of the Middle West, felt that they were not getting their proportionate share of the Public Law 480 shipments to the Orient, where the people by tradition and preference have favored the soft wheat. There was no desire to claim that wheat as a commodity has been discriminated against, because I realize that is not the case.

Mr. AIKEN. I understand the Senator. I hear him very distinctly this time.

Mr. NEUBERGER. I am sorry I did not speak earlier with sufficient vigor.

Mr. AIKEN. I was going to point out to the Senator that of the \$2,265,300,000 worth of contracts signed under title I, \$923.5 million were for wheat.

Mr. NEUBERGER. I am aware of that.

Mr. AIKEN. I am glad that is so, because wheat is in surplus.

Mr. NEUBERGER. It provides our largest surplus; that is correct.

Mr. AIKEN. I sometimes think that if we gave reasonable export subsidies to 4, 5, or 6 of our principal commodities, on which we can really compete in the world market, we might solve our agricultural problems more quickly than we can by trying so many of the devious routes we have been following in the past and perhaps will follow in the future.

Mr. NEUBERGER. I remember the first time I ever became really interested in the farm problem was when I was a student at the University of Oregon and heard the late Senator Charles L. McNary, who, if I am not mistaken, was a colleague of the able Senator from Vermont. The late Senator McNary was concerned about the wheat surplus which, of course, affected Oregon and a substantial number of other fine States. He was the sponsor of the McNary-Haugen legislation, which contemplated a world price for wheat, so that a substantial portion of our wheat could be disposed of in the world market.

I am aware of the current situation. I want the Senator from Vermont to know that I do not believe wheat has been discriminated against. I merely referred to our own soft wheat in the Northwest, which seeks its fair share of the market.

Mr. AIKEN. It is impossible to conduct the program without discrimination against someone; I am sure of that. I think the Department has done the best it could. In my opinion the wheat-grower of the Northwest is entitled to the market in the Orient, if the growers produce the type of wheat the Orient wants to buy.

Mr. NEUBERGER. Our two wheat leagues in Oregon and Washington—particularly the Oregon Wheat League—have spent a good deal in the way of funds to send technicians to the Orient to educate the people there how to use soft wheat, as in baking pies, scones, crackers, cookies, and other things in the diet previously unknown to people in Japan and other Oriental countries. They have tried to demonstrate ingenuity and resourcefulness in this situation.

Mr. AIKEN. That has been a worth while and successful effort.

Mr. NEUBERGER. It has been. I merely asked it be, to some fair extent, rewarded in the program.

I thank the Senator for his observations.

Mr. ELLENDER. Mr. President, under the program in effect prior to May 1957, barter contractors traded materials eligible for barter to Commodity Credit Corporation for agricultural commodities and then exported those commodities for dollars, usually through exporters normally exporting such commodities. By paying a commission, or in some other manner, the barter contractor enabled the exporter to lower the export price of the commodity sufficiently to make the commodity move. Furthermore, the purchase of materials eligible for barter in foreign countries generated dollar exchange needed for the purchase of the agricultural commodities. Materials eligible for barter are limited to those required for specified uses or which entail less risk of loss or substantially less storage charges. Barter therefore affords opportunities savings in deterioration losses and in storage charges.

Under the revised program, shipments of agricultural commodities to countries considered to be dollar markets may be made only where additional trade can be assured, and the barter contractor is



required to satisfy Commodity Credit Corporation that the proposed transaction will mean an increase in United States exports of the commodities involved. While the flexibility of barter arrangements permits the price reductions necessary to make the commodity move, generates the dollar exchange necessary to such movement, and therefore does increase overall exports, it is almost impossible to show that any particular barter contract will result in the so-called additionality required by the revised program. Just as we know that international trade is a two-way street, involving imports as well as exports, we know it is not possible to show that any particular import makes any particular export possible.

During the period prior to May 1957, the Secretary, in entering into barter contracts totaling \$870,100,000, apparently had reason to believe that such transactions afforded an opportunity to protect the funds and assets of the Commodity Credit Corporation. The committee feels that there is as much opportunity to protect the funds and assets of the corporation by barter today as there was prior to May 1957. The situation has not changed. However, the Secretary has changed his mind and is no longer able to find that such opportunity exists unless the barter contractor makes a specific showing of additionality. This cannot ordinarily be done on an individual transaction, and so further barter is prevented. Since the Secretary's inability to make the finding which the committee feels the facts require has resulted in the virtual stoppage of the program, the committee has recommended repeal of the requirement for such a finding. The Secretary is still required to exercise his discretion in making the best transaction possible. Just as a matter of course, implied in any direction to any Government officer, he is required to conduct the program in a manner which will protect the funds and assets of the Government. But the point is, he must conduct the program. He must do so to the best of his ability. The purpose of removing the Secretary's discretion as to whether he will barter at all, or not, is to make it clear that he is directed to conduct a substantial barter program, even though he may disagree with Congress as to the merits of such policy.

In addition to directing the Secretary to undertake a barter program without regard to whether he agrees with Congress that such a program affords an opportunity to protect the funds and assets of the Government, section 5 makes 3 other changes in section 303, generally intended to increase barter opportunities.

First, the direction of section 303 to barter is now limited to 3 types of materials, the first of which is strategic materials entailing less risk of loss or substantially less storage charges. The bill would broaden this category of barter material by extending it to all commodities of which the United States does not produce its requirements and which meet the criteria with respect to storage and risk of loss.

Second, since the bill directs the Secretary to undertake an expanded barter program in lieu of the restricted program favored by the Secretary, the bill would give him an objective and a limitation of \$500 million a year. During the first 3 years of the program, the volume averaged just under \$300 million a year. The committee believes that \$500 million, therefore, represents a reasonable objective.

Third, the bill would prohibit the Secretary from excluding materials from barter by reason of the fact that they have been domestically processed if provision is made for the importation of an equivalent amount of similar raw materials. Section 303 does not exclude domestic or domestically processed materials from barter, but the program regulations do, so this would require a change in the regulations.

Section 6 makes two amendments to section 206 of the Agricultural Act of 1956 to reflect the extension of section 303 to nonstrategic materials not required for immediate use.

Section 206 (a) of the 1956 act provides for the transfer of strategic and other materials acquired through barter to the supplemental stockpile, unless acquired for some other purpose. This would seem to be as clear a direction as could be given that nonstrategic materials are to be transferred to the supplemental stockpile in the cases described. However, even after the enactment of section 206 (a), it appears that the supplemental stockpile may still be understood by some to be restricted to strategic materials. This is not the law; it is not so restricted. Of course, in the past section 303 has provided for barter either for strategic materials or for materials for which a specified use is contemplated, so that other materials not acquired for other purposes would not be acquired under section 303, although they could be acquired under other barter authority.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. MORTON. It recently came to my attention—I do not know whether it is a fact or not—that certain Indian manganese producers were bargaining with German and French producers of ferroalloy materials who take the raw material and fabricate it, and that they want to make a barter arrangement with the Secretary of Agriculture. Under the bill as amended, and as it comes before the Senate, the Secretary of Agriculture could barter for the raw ore, which could be brought into this country and processed into the ferroalloy manganese, or any other product which can be preserved relatively permanently for the stockpile, or for reserve purposes.

Mr. ELLENDER. Yes.

Mr. MORTON. I thank the Senator for clearing up that point.

I should like to ask another question. Did not the committee reach the conclusion that, on the question of increasing our exports, it is impossible to show the criterion of what is called additionality? Did I correctly gather from the

chairman that it was impossible or very difficult to prove?

Mr. ELLENDER. It is very difficult to show. The distinguished Senator from Minnesota [Mr. HUMPHREY] went into detail on that subject in his report. He held hearings for several weeks.

Mr. HUMPHREY. The Department says it cannot prove it.

Mr. ELLENDER. Hearings were held by the distinguished Senator from Minnesota on June 11, 12, 20, 21, 26, 27, and 28, and July 16, 18, and 19.

I understand that the Department failed to prove its case, according to the testimony which was presented. I will gladly yield to my good friend from Minnesota to shed further light on the subject under discussion.

Mr. HUMPHREY. Mr. President, I think it is only fair to say that no one can by statements prove or disprove additionality. I do not think I could say that one could disprove the statement that some barter sales had perhaps cut into other sales; but, by the same token, when the Department of Agriculture insists that the so-called doctrine of additionality shall be the standard by which to judge barter, it cannot prove that barter sales have substantially cut into cash sales. But the factual record furnished us by the Department of Agriculture indicates the opposite. The statistical tables show a rough correlation between the rise of barter sales and the rise of cash sales.

I have been checking over the statement of Mr. Berger, of the Commodity Credit Corporation. He says he cannot really prove that barter sales have supplanted or cut into cash sales; but, by the same token, he says that the agency ran into some trouble with barter.

I think basically the trouble was that when the agency was giving interest-free commodities there were fears of some windfalls. If that situation had been really investigated—and perhaps this was where we failed in our responsibility, although I hope not—the result might have been very interesting. I have cause to believe that the reason for the issuance of the May 28 order cutting off barter and adding the so-called criterion of additionality, was that they might be accused of permitting windfall profits to be made, not from the exchange of goods, but from the interest-free commodities which were available.

The interest-free commodities have been stopped and in fact interest is now paid by the contractor. Nothing in this bill changes it.

So certain operators were previously able to make money from the use of commodities on which they were paying no interest. The regulations against this practice still stands, and there is nothing in the proposed amendments which would change that regulation. The Department came to the conclusion that this additionality factor was important after it was already in trouble on some other aspects of bartering.

Mr. MORTON. It is true, is it not, that since May 28, in certain countries, with respect to certain commodities, additionality has not had to be proved?



Mr. HUMPHREY. Yes. Those are what we call the underdeveloped countries. In respect to certain countries there is no application of the doctrine of additionality. All that "additionality" means is simply that before one engages in barter he must prove that the sale under barter would be in addition to any sale for cash. How anyone can possess such prophetic wisdom is beyond my comprehension. In other words, one is supposed to look into a crystal ball and see in advance that no one in the entire area would buy these commodities for cash. Thereby he proves additionality. At best it is a rough estimate. I think we would be foolish to judge the case of barter strictly on the basis of this single measurement particularly since the record shows that practically no parties have been approved under other criteria.

Do not misunderstand me. I am in favor of barter as such but earlier I challenged the Department because of what I considered to be a too liberal use of barter. After having been challenged on the basis of the liberality of the barter, the Department went from one extreme to the other. It is either in the Arctic Ocean or in a tub of hot water. They are either bartering wholesale or they are not bartering at all. What we ask for is reasonably good judgment.

Mr. ELLENDER. I wish to point out that I believe one of the principal arguments advanced by the Department of Agriculture is that commodities used for barter are sold by the domestic exporters for cash. The Department takes the position that since such was the case, then barter displaced cash sales. They said: If an individual could sell for cash, why could not CCC have sold for cash?

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. I will tell the Senate the reason the Commodity Credit Corporation did not do it. It was because they did not know how to sell. That is the plain fact of the matter. They did not know how to sell as well as some of the brokers knew how to sell.

Mr. ELLENDER. Was that not the pertinent argument, however?

Mr. HUMPHREY. That is surely a part of the argument. I may also say that the dollars generated by the barter arrangement were eventually returned to the United States for the purchase of finished goods. Those goods included Diesel equipment, electrical equipment, and other finished products. While we were selling agricultural commodities, the dollars which had been generated by the sale of the commodities were used to buy materials from other countries under the barter arrangement and those dollars were then available for paying for exports from the United States. They were used for the purchase of manufactured goods. If that is bad, we need a little more of it.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MORTON. How do these transactions work? Let us say that a company has a million bushels of wheat

which it takes from the Commodity Credit Corporation. The company goes to France, let us say, and finds a customer for that wheat, and it takes those funds and buys zinc with them. Is that it?

Mr. ELLENDER. Usually they will sell the wheat for cash in one country; then, in payment for the wheat the Commodity Credit Corporation gets the bartered goods, such as zinc, or whatever the material may be which is the subject of the barter.

I go back to the proposition that in practically all of the barter transactions that were made for surplus commodities such as wheat, the strategic material obtained in exchange did not come from the country that had received the wheat. The commodities went to the country having dollars, and through good salesmanship the exporter in the United States of that wheat got a good salesman to sell that wheat, and they proceeded to sell the wheat for cash. In any event, the Commodity Credit Corporation did not get the cash, but the strategic material. Therefore, the Department of Agriculture concluded that since all the sales for surplus commodities were made for cash, why not sell them and get the cash, instead of bartering for the strategic materials? That was their argument.

Mr. HUMPHREY. Mr. President, I believe the arguments of the chairman of the committee are very convincing. What happened was that the private traders would go forth and get the business. That is why 2 years ago I recommended that instead of the Commodity Credit Corporation trying to be an exporter of wheat, it turn it over to private trade channels. I have outlined in my report to the committee what really happened under the barter arrangement.

I wish to make my position quite clear. I prefer cash sales. I prefer title I sales. I look upon barter as an additional method of selling commodities, not as the last word in it. I have sought the cooperation of the Department of State, and the Department of Agriculture, in making barter work satisfactorily. In fact, at the conclusion of the hearings, when we were acting on the pending bill, I walked up to the Assistant Secretary of Agriculture and spoke to him about it, and the letter I have from the Department under date of March 11 so indicates:

We have been requested by Senator HUMPHREY to give consideration and to report to your committee any possible language changes in the proposed amendment to title III which would make it more acceptable from our standpoint.

I have used them to help improve the barter program, and they know it. If any of their representatives are in the galleries, they know it. They went from one extreme, where they were bartering recklessly, to another extreme, where they refused to barter at all. Therefore, the majority of the committee decided that we ought to be as specific as necessary to get action.

The Senator from Kentucky asks how the arrangement works. When we

started our investigation, this is how it worked:

An American international trading company which normally imports ore, minerals, or other materials into the United States would approach the Department of Agriculture and offer to the Commodity Credit Corporation materials which were on the so-called list of objectives for barter.

This list originates in the Office of Defense Mobilization and contains the materials for which surplus commodities may be bartered. It is forwarded to the Department of Agriculture through the General Services Administration. The materials offered must meet Federal specifications and be offered at a price acceptable to the Commodity Credit Corporation which uses the experts of the General Services Administration to advise them. That is done to make sure that we are not being charged an exorbitant price for a material, but a fair market price.

The offerer had to commit himself to take the materials from a friendly country, deliver the commodities to such friendly country, ship 50 percent of the materials on American-flag vessels—this will be of interest to my friends who represent shipbuilding States—and otherwise meet the special requirements established by the law and the Department of Agriculture.

Many countries to whom we would send foreign aid are the same countries in which the purchases would be made by the barter company. This permits those countries to have dollars that they need with which to buy additional goods from the United States.

If these conditions were satisfied, the Department of Agriculture would accept the offer of the materials and agree to give in exchange surplus agricultural commodities which could be sold in any friendly country through normal trade channels.

The commodities were normally delivered promptly and sold, and the materials were delivered over the life of the contract.

Ordinarily, such contracts were for a period of up to 2 years. The offerer had the use of the proceeds of this sale until such time as deliveries of the materials were made and payment had to be accomplished. Prior to February 19, 1957, there was no limit on the interest-free aspects of the transaction, but subsequent to that time the period of no interest was limited to 2 years. Later, this was stopped entirely. This in part was where the profit was made. He was able to sell those commodities for interest-free money, while he was acquiring the materials that he was bringing into the United States over a period of 2 years.

That is why they were able to pay a little more to the Commodity Credit Corporation. That is why they were able to make sales. So they made money, and the Commodity Credit Corporation moved more commodities. That is the way it worked.

It works entirely through normal trade channels. As we have indicated, it results in the Commodity Credit Corporation making money. It results in



friendly countries selling to the United States and buying from the United States. It results in the American merchant fleet getting 50 percent of all the material shipped in American bottoms. It results in a substantial amount of storage saving.

What was the trouble? I will tell you what the trouble was. The Commodity Credit Corporation became frightened over a few of its own deals with private companies. I am not accusing private traders of doing anything wrong. They bought smart and they sold smart. They bought at the right price and sold at the right price. They had the use of interest-free money. They made money. The Department of Agriculture was afraid that some committee of Congress would investigate them.

I am not interested in investigating someone who makes an honest dollar. We are interested in having the Department of Agriculture sell its commodities. We are interested in friendly countries buying the commodities. We are interested in friendly countries selling us materials.

I wish the administration would not be afraid to have someone be a good businessman.

So they came before the committee and opposed barter transactions, not because they do not work; they do work. Not because they deny anyone a sale; they do not. Not because they do not help the American merchant marine; they do. Not because they do not save the American taxpayer money; they do save him money.

Mr. President, do you know another reason why they object to bartering? They object because someone says it may complicate our relationships with some other countries; but even that cannot be proved.

There is no obligation whatsoever that cannot be handled by a reasonable amount of good administrative give and take, administrative cooperation, between the Department of State, and the Department of Defense, and the Department of Agriculture.

Furthermore, the amendment on barter merely restates existing law requiring that the various agencies and departments cooperate with the Department of Agriculture wherever possible to barter our commodities for raw materials for offshore procurement, including defense installations. In other words, we can barter wheat for sand and gravel which may be needed for the building of airports. I know that the Department of Defense would rather use dollars; it is easier that way. But there is no reason in the world why the Department should not be told to use commodities which we have.

The record of the testimony will reveal that the departments of Government were reluctant to barter with our commodities, were reluctant to use our commodities for bartering purposes, perhaps so some could talk of our mounting surpluses, when, in fact, the surpluses in many instances could have been used, and in fact some have been used for the building of military housing in France

with American wheat, cotton, and other commodities.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I have only a short statement to make before I conclude.

Mr. AIKEN. The Senator from Louisiana knows that I do not take much time.

Mr. ELLENDER. I yield.

Mr. AIKEN. I believe the cut by barter trade into dollar sales is due to the fact that most of the bartering was done in the dollar-sales countries of England, the Netherlands, Germany, Belgium, and France. It is also true that in the early part of the program, private traders undoubtedly made more through interest on the money involved between the time they got the wheat or other commodity and sold it for cash, and the time the money was used to buy diamonds or whatever they were trading for. That period could extend to 2 years before the Commodity Credit Corporation would charge them for the use of the money; therefore, about 12 percent interest could be obtained.

Unfortunately, they did not seem to use that interest to pay the Corporation a higher price, but they did use it, if we are to believe what we are told, to undercut trade in those countries, more or less to demoralize not only American dollar sales but dollar sales of other countries, particularly Canada.

We did not become involved in a civil war over that; I do not think we ever will. But we did encounter a good deal of irritation, both in this country and in neighboring countries.

That was one of the weaknesses of the barter system, which led to great criticism before the final showdown. We got a good share of the criticism. I understand that at present barter deals in the amount of about \$50 million are pending, but with Asia, not with the dollar countries.

Mr. ELLENDER. Mr. President, I should like to conclude my comments on section 6 of the bill.

Since the bill would amend section 303 to provide for barter for nonstrategic materials for which no immediate use is contemplated, the bill would amend section 206 (a) to eliminate any reference to strategic materials. This is intended to make it crystal clear that nonstrategic materials acquired through barter without a specific purpose in mind shall be transferred to the supplemental stockpile.

Section 206 (b) of the 1956 act provides for the duty free entry of strategic materials acquired through barter. Consistent with its amendment of section 303, the bill amends section 206 (a) to provide duty free entry for nonstrategic materials as well.

Last year and again this year the Committee has heard complaints that extra long staple cotton, although in surplus and desired by friendly countries under title I agreements, has been excluded from those agreements for various reasons. Last year (as pointed out on page 5 of the Committee report on the bill now before us) the Committee com-

mented on this treatment of extra long staple cotton and recommended that it be accorded the same treatment given other commodities. Apparently this recommendation has not been followed, so section 7 of the bill requires the fair treatment of extra long staple cotton under the act.

Mr. President, the evidence shows that the complaint made about extra long staple cotton was justified and admitted by the Department. In the meantime, we were informed that the friction had been eliminated; that long staple cotton was now being traded in the same manner as were other kinds of cotton, and that there was no objection to the placing of section 7 in the bill.

Since the committee reported the bill S. 3420 to the Senate, I have received from the Department of Agriculture, under date of March 11, a letter which states that the Senator from Minnesota [Mr. HUMPHREY] had requested suitable language changes which might make the barter provisions of the bill more acceptable to them. However, they were unable to furnish such language.

It seems that the Department is unalterably opposed to the proposal.

I ask unanimous consent to have printed at this point in the RECORD a letter dated March 11, 1958, addressed to me by Secretary of Agriculture, Ezra T. Benson.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, D. C., March 11, 1958.  
Hon. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture  
and Forestry, United States Senate.

DEAR SENATOR ELLENDER: We have been requested by Senator HUMPHREY to give consideration to and to report to your committee on possible language changes in the proposed amendment to title III of Public Law 480, 83d Congress, which would make it more acceptable from our standpoint. This legislation would direct the Secretary of Agriculture to barter up to \$500 million worth of agricultural commodities per year for materials under certain conditions. We are, however, unable to formulate any changes short of the virtual nullification of the proposed change which would eliminate our objections. The Department of Agriculture wishes to go on record as being vigorously opposed to its enactment into law.

The proposed elimination of any consideration by the Secretary of whether or not a barter transaction will protect the funds and assets of Commodity Credit Corporation as a criterion for exercising administrative judgment is an unprecedented approach to legislative direction. We believe the best interests of the Commodity Credit Corporation, as a Government instrumentality, are synonymous with the best interests of the United States.

In our judgment the elimination of the principle of additionality as a result of barter cannot be justified. This amendment directs the Secretary of Agriculture to completely ignore what agricultural commodities could be moved into export channels through the normal channels of trade for purchase by our regular customers for dollars. Its effect could be to replace to the extent of up to \$500 million per year of cash business by barter for materials which for the most part there would be no need in the near future. These materials would go into dead storage



in the hope that at some future time we will be able to utilize them without serious effects on domestic producers of these materials.

We have diligently studied the potentials of barter as a means of expanding our agricultural exports. We believe opportunities do exist. We believe honestly and sincerely our present policies will give some measure of assurance that increased exports are being accomplished through barter. We believe that the assumption that barter offers almost unlimited opportunities for expansion of exports is false. Such an assumption is based on the fallacious premise that the have not countries of the world with respect to food and fibre are countries that have great material resources to trade for food and fiber. This is not true. We believe, however, that substantial additional business can be achieved if export contractors are required to demonstrate additionality. If this requirement is eliminated all contractors will turn to easy barter and be content to merely replace cash sales.

There are powerful forces urging opening the throttle on a barter program. An analysis of the reasons therefor is in order.

This country is in a position to buy for current consumption all the foreign produced materials the economy requires. Legislation exists for the procurement of all the materials deemed prudent to stockpile for future emergency defense needs. The rate and extent of such procurement is limited only by appropriation by the Congress. In spite of the zeal to substitute barter for normal exchange, the United States dollar can still be utilized to better advantage in world markets than our agricultural commodities. Then why do we have such strong pressures for a wide-open barter program? The fact is that a surplus situation exists in the world for many materials. The producers of those materials in the foreign countries and importers of those materials into this country want a price support and surplus removal program for those materials. We cannot solve the price support and surplus removal problems of our domestic agricultural economy by attempting to take on those same responsibilities for a much wider field of material production throughout the world.

Experience with our domestic agricultural programs has, we believe, led to one accepted axiom. Price support at profitable levels of production without effective controls on production can only lead to financial disaster. To the extent that barter provides a profitable outlet for foreign-produced materials, over and above that normally existing, foreign production and resultant surpluses will be increased. Certainly this country has not and could not have any semblance of control over such production.

There are a few materials such as industrial diamonds of which there is no domestic production. Of the rest, the world production affects domestic producers by their competitive price in the United States market. The removal of and insulation from the market of those surpluses may provide a temporary price stabilization to domestic producers of such materials. Such was the result of rather extensive barter transactions involving lead and zinc in the past. An artificial outlet at profitable prices can only stimulate foreign production. When the Department of Agriculture realized the folly of serving as a dumping ground for foreign surplus lead and zinc with little resultant gains in the disposal of agricultural commodities, we stopped the program for reappraisal. The domestic lead-and-zinc industry felt the full impact of the price depressing effect of this stimulated foreign production. Such will be the inevitable result on other domestic producers of barter materials under a barter program which provides an outlet for surplus foreign materials

and serves as a stimulant for further expansion of such surplus production.

The importers of diamonds have been vigorous proponents of expanded barter. Diamond production is controlled by cartel. World prices are maintained by the quantities of diamonds released to the market by those cartels. Diamonds have been held up as the glowing example of a material "entailing less risk of loss through deterioration or substantially less storage charges" than surplus agricultural commodities. There are a few surplus diamonds in the hands of importers now. The Congress, by the enactment of this proposed amendment, would direct the Secretary of Agriculture to not only provide a home for those diamonds but also to assure the diamond cartels of the world an outlet at world prices for an expansion of production up to whatever portion of the \$500 million limitation they could get the Department to accept.

Statements have been made in previous testimony before your committee by proponents of barter of the competitive advantage, pricewise, enjoyed by barter commodities. This has been advanced as an argument that barter stimulates agricultural exports. Assuming that such a price advantage exists, it can only serve to drive down the world price of agricultural commodities. Agricultural commodities moving under barter would be in competition, not only with agricultural commodities from other countries, but with agricultural commodities exported from this country through normal channels of trade. This can become a vicious circle. To the extent that the domestic market price is influenced by the price at which exporters can sell in world markets a lower price will result in order to meet the competition of the same commodity originating through barter.

The Department has, with the encouragement of Congress, made great progress in making agricultural surpluses in CCC inventory available on a competitive bid basis in order to meet world prices. The exporter who buys for dollars must and will bid lower than he ordinarily would, in order to meet whatever price advantage accrues from acquisition of those same commodities through barter.

Not only would the funds and assets of the Corporation suffer under such a progressively vicious circle but also the taxpayers who must make good the losses of the Corporation.

The Department is not opposed to barter. We believe it has a place in our multiapproach to surplus removal through expanding exports of agricultural commodities. We also believe, however, that the interests of agriculture and the United States as a whole will best be served if it is limited to those instances where administrative judgment believes it creates additional foreign purchasing power and channels that purchasing power into buying United States agricultural surpluses which would not otherwise move into export through normal channels of trade.

It is important to note that the proposed legislation will result in no saving in storage charges to the Commodity Credit Corporation. It will in fact result in increased costs. This comes about because we will not be gaining new agricultural export business but merely replacing dollar sales by barter sales. This means CCC inventories remain about the same on the agricultural side of the picture. We would, however, receive materials which must be stored at the cost of the taxpayers instead of dollars which at present we can use to reduce the indebtedness and interest payments of the Federal Government.

In summary it may be helpful to tabulate a few of the things the proposed amendment would and would not do. The amendment:

(1) Would direct the Secretary to barter up to \$500 million worth of agricultural commodities per year even if such transactions would not conserve the assets of CCC and the Federal Government but would dissipate them.

(2) Would direct the Secretary to barter even though the so-called barter transactions would merely replace cash sales for dollars and would have a tendency to drive down the price which CCC would receive for its remaining sales for cash.

(3) Would require the Federal Government to pay storage on unspecified materials to be imported if the imported materials have storage costs and deterioration risks lower than agricultural commodities owned by CCC even though such materials could not be used in the foreseeable future.

(4) Would increase the interest costs of CCC and the Federal Government.

(5) Would provide world price support for materials without permitting domestic mining interests to benefit directly.

(6) Would require CCC officials who are not experts in this field to spend up to \$500 million for foreign materials each year.

On the other hand the amendment:

(1) Would not appreciably reduce CCC inventories of agricultural commodities.

(2) Would not to any measurable extent establish new agricultural export outlets or increase existing ones.

(3) Would not reduce storage costs of CCC.

(4) Would not reduce deterioration losses of CCC.

(5) Would not be of help to farmers or to our commodity inventory problems.

The proposed amendment prohibits the exercise of administrative judgment to an unprecedented extent. In our opinion it would, in retrospect, serve as a basis to discredit the Congress that enacted it and those who attempted to administer it.

Since this proposed legislation is ready for consideration on the floor of the Senate, we have not cleared this report with the Bureau of the Budget.

Sincerely yours,

E. T. BENSON,  
Secretary.

Mr. ELLENDER. Now, Mr. President, let us look at the other side of the coin. I read from a memorandum I have prepared concerning the Department's objections:

1. Department objection: The proposed elimination of any consideration by the Secretary of whether or not a barter transaction will protect the funds and assets of Commodity Credit Corporation as a criterion for exercising administrative judgment is an unprecedented approach to legislative direction.

Answer: The bill does not propose the elimination of such consideration. Every Government officer must always have the protection of the assets of the Government in mind and perform his duties so as to protect those assets to the best of his ability. However, he must perform his duties without the necessity of any finding by him that their performance is required to protect the assets of the Government. The purpose of the bill is to direct the Secretary to undertake a barter program without the necessity of any finding on his part that the program directed by Congress is wise. This is not an unprecedented approach to legislative direction. In fact, it is difficult to think of any other legislative direction which is conditioned upon a finding that action under it will protect the funds and assets of the Corporation. There are many precedents to the contrary. To cite one example, the law requires the Secretary to support prices at certain levels. This direction is not limited to those cases in which the Secretary



finds that such action will protect the assets of the Corporation. The Secretary might believe that support should be made at somewhat different levels, or should not be made at all. But the legislation does not give him a choice as to whether he shall carry it out. He now has and is exercising that choice with respect to barter. The bill would remove that choice.

2. Department objection: The elimination of the principle of additionality as a result of barter cannot be justified.

Answer: The principle of additionality is not being eliminated. That is the whole basis and purpose for barter. The bill recognizes that although additionality cannot be shown on a transaction-by-transaction basis, barter provides a valuable method of increasing the total disposition of agricultural commodities.

3. Department objection: This amendment directs the Secretary to ignore what agricultural commodities could be moved into export channels through the normal channels of trade for purchase by dollars. Its effect could be to replace cash business to the extent of up to \$500 million per year.

Answer: The amendment does not direct the Secretary to ignore anything. It is hoped that he would be alert, diligent, and aware of every factor bearing upon the execution of his duties. Every one recognizes that barter could replace cash business. This is a calculated risk. And the extent to which that could happen is also a calculated risk. Certainly the Secretary does not mean that \$500 million worth of cash business would be replaced, since the Secretary states that he believes opportunities do exist to expand our agricultural exports through barter. So the question raised by this objection really is one of weighing the advantages of the additional exports that may be obtained through barter against the possible loss of an undetermined amount of cash sales. In determining this question consideration should be given to the following facts:

(1) Expansion of outlets through barter may result in greater cash sales rather than reduced cash sales.

(2) Up until May 1957 the Secretary found that almost \$300 million a year in barter business protected the assets of the corporation.

(3) In his letter of March 11, 1958, objecting to the provisions of the bill, the Secretary states, "We believe however that substantial additional business can be achieved if export contractors are required to demonstrate additionality."

(4) All the bill provides for is substantial additional business being achieved through barter. The Secretary may impose additionality requirements or any other requirements which may be reasonable and proper so long as he moves about \$500 million worth of commodities by barter.

4. Department objection: Barter results in a worldwide price support and surplus removal program for, and expanded production of, barter materials.

Answer: Of course anytime anyone buys anything, he provides a market for it, and this tends to keep the price up, remove it from the market, and encourage production of more of the same. Under the bill, barter authority with respect to materials entailing less risk of loss and less storage charges would be expanded to nonstrategic commodities. The Department would therefore have broad authority as to what materials would be taken. The Secretary would be expected to make the best trades obtainable. If an item in surplus could be obtained at a good price, that might well be a wise trade. On the other hand, if it promised only a continuing decline in value, the Secretary might well decide to trade for some other material.

5. Department objection: Barter transactions have a tendency to drive down the price

which CCC would receive for its remaining sales for cash.

Answer: So may any other sales or donations. It is better to move the commodities at a lower price than to hold them off the market at a higher price.

6. Department objection: Barter results in increased storage charges, since barter simply replaces dollar sales, so that we must store the same quantity of commodities and the barter materials, as well.

Answer: This presupposes that barter sales do simply replace cash sales. This supposition is discussed elsewhere.

7. Department objection: Would require CCC officials who are not experts in this field to spend up to \$500 million for foreign materials each year.

Answer: With a \$500 million program to be administered, it might be possible to hire an expert or so.

Mr. President, another letter was addressed to me by Secretary Benson, under date of March 13, 1958, with further reference to the barter provision. To that letter was attached a press release indicating that there was objection on the part of some of our friends to bartering. I read an excerpt from the Department of State press release:

Canadian ministers maintained that United States surplus disposal operations have adversely affected Canadian wheat sales. In particular they emphasized the harmful effects barter transactions have had on commercial marketings of all exporting countries, including Canada and the United States.

Mr. President, I ask unanimous consent to have the letter and press release printed at this point in the RECORD, so that the Senate will have the full effect of the correspondence.

There being no objection, the letter and press release were ordered to be printed in the RECORD, as follows:

THE SECRETARY OF AGRICULTURE,  
Washington, March 13, 1958.  
The Honorable ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture  
and Forestry, United States Senate.

DEAR SENATOR ELLENDER: In further reference to my letter to you of March 11 commenting on proposed changes in the proposed amendment to title III of Public Law 480, 83d Congress, I attach herewith joint statement made by the 4 Ministers of Canada and 4 Cabinet officers of our own Government which has a bearing on the matter of barter.

Sincerely yours,

E. T. BENSON.

[Department of State press release of  
October 8, 1957]

UNITED STATES-CANADIAN JOINT COMMUNIQUE  
OF OCTOBER 8, 1957

The third meeting of the Joint United States-Canadian Committee on Trade and Economic Affairs took place in Washington yesterday and today. The first two meetings were held in March 1954 and September 1955. In the discussions just held, the two Governments were represented by the following Cabinet members:

For Canada:

Donald Fleming, Minister of Finance  
(Canadian chairman).

Sidney E. Smith, Secretary of State for External Affairs.

Douglas S. Harkness, Minister of Agriculture.

Gordon Churchill, Minister of Trade and Commerce.

For the United States:

John Foster Dulles, Secretary of State  
(United States chairman).

Robert B. Anderson, Secretary of the Treasury.

Ezra Taft Benson, Secretary of Agriculture.  
Sinclair Weeks, Secretary of Commerce.

In addition to the members of the Joint Committee, senior officials from both Governments were present.

The Joint Committee was established to provide an opportunity for the Cabinet members primarily concerned with economic relations to meet informally from time to time to exchange views and examine developments of mutual interest. The purposes of the Committee, as stated in the original terms of reference, are:

"(1) To consider matters affecting the harmonious economic relations between the two countries;

"(2) In particular, to exchange information and views on matters which might adversely affect the high level of mutually profitable trade which has been built up;

"(3) To report to the respective Governments on such discussions in order that consideration may be given to measures deemed appropriate and necessary to improve economic relations and to encourage the flow of trade."

This meeting was especially valuable as it was the first occasion since the Canadian election in June for a group of Cabinet members from the two countries to meet together. The meeting, which took place in an atmosphere of cordiality and neighborliness, provided an opportunity for a frank and informative discussion on trade and economic subjects of current interest to both countries.

The committee examined a wide range of subjects including domestic economic developments in the United States and Canada, the trade policies of the two Governments, agricultural policies and surplus disposal activities (especially those relating to wheat), the trade in agricultural products between the two countries, United States investment in Canada, United States policies affecting Canadian mineral products and a number of other specific questions of special interest to both sides.

In the course of the review of current economic conditions it was recognized that the two countries have a deep and continuing interest in each other's economic stability and strength. In particular, representatives of the two Governments expressed their full accord on the importance of a high level of business activity being maintained in their economies, and on the need for growth that does not endanger stability, both in their domestic economies and in the trade of the free world. The recognition of this reciprocal interest was considered basic to close and effective cooperation between the two countries as an integral part of their contribution to world peace and security, including the common defense of North America.

In the review of general trade policies Canadian ministers drew attention to the important implications for Canada of the very high proportion of its external trade which is taking place with the United States. The volume and variety of goods entering into this trade made Canada by far the most important commercial customer of the United States and vice versa. In 1956 well over \$4 billion worth of United States goods, or approximately one-quarter of the total cash exports of the United States, were sold in Canada. On the other hand Canadian exports to the United States amounted to less than \$3 billion. In the light of these facts Canadian ministers stressed the effects on Canada of developments in United States commercial policies.

The United States members for their part stressed the dependability of the United



States economy both as a market and as a supply source. They drew attention to the strong economic position of Canada and pointed out that Canada's trading deficit with the United States had been accompanied by an inflow of capital from the United States and that the rest of the deficit had been covered by Canada's trade surplus and investment inflows from other parts of the world. In these circumstances, the United States members felt that the trade and payments relationships between the two countries were basically sound and demonstrated the effective working of multilateral trading policies.

It was agreed that in formulating its trade policies each country should show careful regard for the interests of the other.

There was considerable discussion of means for promoting the orderly expansion of world trade. In particular the representatives of the two Governments were in accord on the need for continued support of the General Agreement on Tariffs and Trade, to which both the United States and Canada are parties.

Canadian Ministers maintained that United States surplus-disposal operations have adversely affected Canadian wheat sales. In particular they emphasized the harmful effects barter transactions have had on commercial marketings of all exporting countries, including Canada and the United States.

The United States members affirm to the Canadian Ministers their intention in all surplus-disposal activities to avoid, insofar as possible, interfering with normal commercial marketings. They gave assurance that under the present revised Commodity Credit Corporation barter program each barter contract must result in a net increase in exports of the agricultural commodity involved, and that interest must be paid until the strategic materials are delivered or payment is otherwise effected for the agricultural commodities.

The members of the Committee were also agreed on the value of continuing consultation in order to keep to a minimum any harmful effects of surplus-disposal activities.

There was a full discussion of agricultural policies which affect trade between the two countries.

The Canadian ministers expressed concern over the effect on Canadian producers which would result from any future action by the United States to raise duties on imported lead and zinc. The United States members explained the situation confronting their domestic producers. They called attention to the continuing need for imports of certain minerals and metals and indicated that any United States tariff action that might be taken to relieve serious injury to United States producers would have the primary objective of maintaining a normal relationship between imports and domestic production. They noted that any such action would be applied in accordance with the procedures of the General Agreement on Tariffs and Trade.

The Canadian ministers clarified the concern frequently expressed in Canada regarding the nature and extent of United States investment in Canadian natural resources and important manufacturing industries. They made it clear that Canada welcomed the inflow of capital and recognized its important contribution to Canadian economic development. It was the hope of the Canadian Government that all United States companies participating in the expansion of the Canadian economy would develop and maintain closer and mutually beneficial relationships with the people of Canada. In this connection note was taken of the recent supplementary tax convention between the United States and Canada which was designed to facilitate greater Canadian partici-

pation in American-owned corporations operating in Canada.

The United States members welcomed this clarification by the Canadian ministers and pointed out that the great confidence which United States business feels toward Canada is the result of many years of experience and association.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. I simply want to have the RECORD include the fact that as a result of barter sales, it has been possible for the United States to purchase an additional \$60 million of ore and minerals from Canada.

Also—and I regret that this must be said—the whole issue of bartering became a basic political issue in the current election in our great sister nation to the north. I regret this, but it has become an issue between the two major political parties of Canada.

Recently other friendly nations have seen fit to sell substantial quantities of grain to the countries behind the Iron and the Bamboo Curtain. I am not trying to tell them how to run their business, and they ought not to tell us how to run ours. I am a member of the Committee on Foreign Relations and am generally considered to be friendly to foreign aid—a little more so than some of my colleagues—and friendly toward the needs of other countries. But, if I am not mistaken, in recently weeks a very substantial sale of grain has been made to China. Also recently a very substantial sale of grain was made to India. That was fine; I am pleased to see the sale to India. But, Mr. President, by the same token I see no reason why the United States of America should not make some sales, too. After all, our wheat farmers are faced with the possibility of \$1.78 wheat for the coming year, and that picture is not exactly what they regard as an entertaining one. In the meantime our surpluses remain in the storage depots, and the public is led to believe that the costs for storage are tremendous. Thus the farm program becomes discredited.

One way to help the farm program along is through orderly utilization—and I emphasize the words "orderly use"—of our stocks.

I wish it clearly understood that, as a responsible Member of this body, I have urged the Department of Agriculture to proceed cautiously and prudently in the closest coordination with the Department of State. But the kind of caution the Department of Agriculture has exercised amounts to standing still and literally refusing to negotiate or permit barter arrangements. That cannot be justified. No member of the Committee on Agriculture and Forestry can say that the Department of Agriculture has not, by the order of May 28, 1957, for all practical purposes, put roadblocks in the way of barter arrangements. The order of May 28, 1957, if it had any validity, could just as well have been made a year before, because it was made on the basis of the language of the law we are now in the process of amending. That language has been in the law since it was

passed by the 83d Congress. That language was supported by the Secretary of Agriculture and the Secretary of the Interior and the representatives of both those Departments who appeared before the Committee on Agriculture and Forestry. In fact, even stronger language was supported by the Secretary of the Interior at the hearings of last June and July.

Mr. President, I repeat that when we consider the barter system, the question is entirely one of how it is to be used and the sense of direction to be followed. The sense of direction—not the purpose of the law—is what has caused the problem.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield for a question.

Mr. HOLLAND. Mr. President, I confess that I am disturbed about the broad language in this barter provision. Not only have I been giving it personal study, but I have been receiving some inquiries from Florida.

The distinguished Senator from Louisiana knows that tung oil is one of the products of both his State and mine, and that the production of tung oil in the United States is less than the amount the United States can use. Yet almost yearly we have had great difficulty in getting the Government to limit imports from some of our friendly neighbors who produce it more cheaply than it can be produced in the United States.

My question is as follows: Under this wide-open, broad barter provision in the bill would or would not the Secretary of Agriculture in his sole discretion be allowed to trade a surplus commodity, such as wheat, rice, or cotton, for tung oil produced offshore, simply because tung oil can be easily and cheaply stored and preserved?

Mr. ELLENDER. It is conceivable that he could, if the conditions outlined in section 303 were met.

Mr. HOLLAND. What are those conditions?

Mr. ELLENDER. The first is as follows:

Materials of which the United States does not domestically produce its requirements—

Mr. HOLLAND. That is true in the case of tung oil, is it not?

Mr. ELLENDER. Yes.

I continue to read the first condition—and which entail less risk of loss through deterioration or substantially less storage charges—

Mr. HOLLAND. That would be true of tung oil, would it not?

Mr. ELLENDER. I do not know about that, I may say to my good friend, the Senator from Florida, because it might be possible to show that it would be more expensive to store tung oil than to store wheat, or perhaps than to store any other commodity which would be exchanged for it.

Mr. HOLLAND. But if tung oil could be stored—and I believe it can be—much more cheaply and could be preserved



over much longer periods of time than grain which was in surplus, that condition could be met, could it not?

Mr. ELLENDER. That is correct.

Mr. HOLLAND. What is the other condition?

Mr. ELLENDER. The other condition is—

or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs—

Mr. HOLLAND. That is in another area or field, is it not?

Mr. ELLENDER. Yes.

The last condition is—

or (c) materials or equipment required in substantial quantities for offshore construction programs.

Mr. HOLLAND. That, too, is in another field, is it not?

Mr. ELLENDER. That is correct.

Mr. HOLLAND. Therefore, the only 2 conditions thus required, if met, could be complied with by barter for tung oil, even though nearly every year the American producers of tung oil have been crying to have a quota applied against imports of tung oil; is that not correct?

Mr. ELLENDER. That is technically correct, but I will be frank in stating that I do not see how the Department could barter for foreign tung oil when we support the price of domestic tung oil. In addition, I personally would oppose any such program most vociferously.

Mr. HOLLAND. Very well.

Mr. President, at this time I wish to inquire about another commodity. The Senator from Louisiana knows that many of the mines in the Western States are closed. I hope the Senator from Montana [Mr. MURRAY] will not leave the Chamber at this time, because I believe this matter is of very great importance to him.

I am thinking about copper mines, zinc mines, lead mines, and other mines. Some of the materials mined are not produced in the United States in quantities sufficient to meet our full needs. It seems to me that even though the strategic amounts required by our country—and more than that—have been stockpiled, under this provision, if it remains in the bill, the Secretary of Agriculture, in his sole discretion, would be allowed to exchange our surplus farm commodities for either the metal or the metallic ores which could be stored in any quantities the Secretary of Agriculture might desire to import, and which therefore would become a cloud hanging over our domestic production. Is that correct, or is it not?

Mr. ELLENDER. Let me put the matter this way: Any commodity or "materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges" could be an object of barter. There is no doubt of that.

Mr. HOLLAND. Of course the Senator from Louisiana is correct. It seems to me that at least permission is thus given by the bill, and could be used, so that under this barter arrangement the

United States would be importing products which are not produced in excess supply in the United States, even though the American producers are finding it extremely difficult to continue their production operations.

I wish to ask a question in reference to sugar, a commodity of very great importance to both Louisiana and Florida, and also to many of the Western States. Sugar is a deficit product; it is a product of which the United States producers do not supply the full needs of the United States; is that not correct?

Mr. ELLENDER. Yes; the Senator from Florida is technically correct in his assumption. But I would say the bill would not apply to sugar, for the simple reason that, as the Senator from Florida knows, we have a quota system under which production in the United States is limited. I believe the United States produces approximately 29 or 30 percent of its sugar requirements; and a quota is given to Cuba, and quotas are given to various other producing areas. I doubt that, in view of the quota system of the present Sugar Act, sugar could be imported under the provisions of Public Law 480.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield further to me?

Mr. ELLENDER. I yield.

Mr. HOLLAND. I admit there is some force to the distinguished Senator's argument; but this measure, which, if enacted, would be the last one on this subject to be placed on the statute books, establishes no condition and makes no qualification at all, but simply provides that "materials"—and the amendment would eliminate the word "strategic," which is in the present law—"of which the United States does not domestically produce its requirements"—certainly that is applicable to sugar—"and which entail less risk of loss through deterioration or substantially less storage charges"—and certainly that is true of sugar, as compared to some of the very bulky crops which are in surplus supply. So I am afraid that it might be said that under this language, unless an exception were made in the act, even sugar could be the subject of barter.

Mr. ELLENDER. Mr. President, I am sure the Secretary of Agriculture would have to look to the laws now existing with respect to sugar and tung oil, in fact, those with respect to any other commodity, before exercising the provisions of this act. It is inconceivable to me that any commodity subject to price support as is tung oil, or quotas as is the case with sugar, would be bartered for by the Department. I would certainly oppose any such interpretation.

Mr. HOLLAND. It seems to me there is no occasion for us to let down the bar by eliminating the word "strategic," which is the conditional word used in the present act, and to give to the Secretary of Agriculture—simply because he could avoid some storage charges—the power to get rid of some surplus agricultural commodity by bartering it, and thus importing certain materials of which the United States does not pro-

duce sufficient to meet its needs, even though the United States producers of such materials may be in trouble from time to time—just as the United States producers of tung oil are in trouble at this time, and just as many of the United States mineral producing industries are also in trouble.

It seems to me we were wise in the original instance in confining the law to the barter of strategic materials. I have very great confidence in the distinguished Senator from Louisiana. I realize this point was not raised in committee.

Mr. ELLENDER. Yes, it was. I think the Senator himself raised the question as to whether sugar would come under the provisions of the bill.

Mr. HOLLAND. No; the Senator from Florida did not.

Mr. ELLENDER. I beg the Senator's pardon. I know some Senator raised the question in committee.

Mr. HOLLAND. It seems to me we are taking a real chance if we open the door of barter to the extent of directing the Secretary—and this is a direction to the Secretary—if he can find something we do not produce to our full need, which he can store more cheaply than he can surplus agricultural commodities, to acquire it without reference to the essential economy of our country in connection with the particular article.

I am afraid if we provide that condition, we shall get ourselves in trouble and put ourselves in a difficult situation. If I should vote for the provision as it is now written, I would not like to justify it to our tung-oil producers, whom the Senator from Louisiana and I have tried so many times to protect, either by getting a quota in effect or getting a complete ban on importations in some years.

Mr. ELLENDER. I do not fear that the Secretary will trade tung oil for rice, sugar, wheat, or anything else. For one thing, if he attempted to do so, I would certainly demand an end to such a scheme. I would personally favor any necessary amendments to the law to preclude the implementation of a transaction of that kind.

Mr. STENNIS. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. STENNIS. Mr. President, I commend the Senate Agriculture Committee for prompt action in reporting S. 3420, the bill to extend the Agricultural Trade and Development Act—Public Law 480—for 2 additional years. Since the enactment of this law in 1954, almost 3 million bales of cotton have been exported. Under this legislation 25 million bags of rice, 162 million pounds of dairy products, 1.8 billion pounds of vegetable oil, 225 million pounds of lard, 3 million pounds of poultry, and a substantial amount of other important surplus agricultural commodities have been exported.

This program has a three-fold objective of reducing agricultural surpluses by exporting an amount over and above normal trade sales, expanding foreign markets through procedures which encourage maximum use of private trade channels and the use of a part of sales



receipts for market development research and promotion. I strongly believe that this program has proved to be a sound approach to moving our surplus agricultural commodities in such a way as to get the fullest value for surplus commodities. This aid program has been based on a concept of trade rather than giveaway, and I hope the plan to extend its operation will receive the full support of the Senate.

Mr. President, for several years I have sponsored legislation through our Military Construction Subcommittee designed to use more foreign currencies received from the sale of agricultural commodities for construction of overseas military housing. The larger part of the cost of our overseas military housing program that would otherwise call for expenditures of dollars can be met through sale of surplus agricultural commodities. I believe that this program is a desirable approach from the standpoint of moving surplus agricultural commodities in a business-like way at the least possible cost and at the same time building badly needed military housing in foreign countries. Our committee has also urged greater use of barter of agricultural commodities in connection with military housing. This arrangement has enabled countries who have heretofore not been interested to obtain surplus commodities under Public Law 480.

Unfortunately, the Department of Agriculture has resisted barter transactions primarily because of the long period of time required for repayment. This certainly appears to be merely a technical problem, and I certainly hope that the Department of Agriculture will reexamine the importance of this program and adopt a more realistic policy which will encourage and expand barter transactions.

I should like to insert a summary progress report of the projects being financed with the proceeds of surplus agricultural commodity sales. In all cases except France, the commodity sales are made under the authority of title I, Public Law 480, and the local currency proceeds are used to pay construction costs. In the case of Morocco and Iceland, "Third country" use of local currency is involved as explained in the summary. In France, the initial project of 2,700 units of housing was supported by a barter transaction executed by the CCC under the authority of this barter act.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

#### UNITED KINGDOM

The initial project of 1,500 units of housing in the United Kingdom is completed and occupied. A second increment of 748 units and a third increment of 307 units, plus schools and chapels at certain of the locations, have been approved and are expected to be placed under construction before the end of the current fiscal year. A fourth increment of 1,840 units is planned for execution during fiscal year 1959.

#### ITALY

The project for 493 units of housing for United States military personnel in Italy has been approved for several months and design work is complete. Actual construction has been delayed pending final acquisition of building sites by the Italian Government (at no cost to the United States). This acquisition has now been completed and construction is expected to proceed before the end of the current fiscal year.

#### SPAIN

A project for 334 units of housing at the Naval Air Station, Rota, Spain, and a first increment of 92 units for Department of the Air Force between several locations were placed under contract in the fall of 1957. In addition, a contract was executed for the in-leasing of 1,581 units of rental guaranty housing being constructed at Madrid, Sevilla, and Zaragoza. In this case it was possible, by executing a prepaid lease for 7 years under the surplus commodity housing program, to assure the completion of this urgently required housing while keeping costs at the same levels which prevailed before the recent inflation of Spanish currency.

Additional projects totaling 1,081 units of family housing are planned for execution in Spain during fiscal year 1959. These projects will be financed directly from title I, Public Law 480 funds.

#### FRANCE

The initial project of 2,700 units of housing at 19 locations in France was financed with the proceeds of a barter sale conducted by the Commodity Credit Corporation under the authority of its Charter Act. This construction is proceeding satisfactorily and is expected to be completed in the fall of 1958. An additional project for 400 units of family housing in France is planned for execution during fiscal year 1959. This project will be financed from the proceeds of a Public Law 480, title I sale of agricultural commodities to France.

#### MOROCCO

A project for 500 units of family housing is planned for the three Air Force bases in Morocco. Bids were taken on this project in the fall of 1957 and it is expected that award will be made within the next 60 days. This project will consist of prefabricated houses purchased in Austria with the proceeds of surplus commodity sales to Austria under title I of Public Law 480. Site costs will be paid from Austrian currency and from appropriated dollars. An additional project for 330 units of housing at the Naval Air Station, Port Lyautey, Morocco, will make use of prefabricated houses purchased in Finland with the proceeds of title I, Public Law 480 sales to Finland. The cost of site development and erection will be paid partly through the use of appropriated funds (not to exceed 25 percent) and will be accomplished partly through the use of Seabee labor.

#### ICELAND

A project of 300 units of family housing is planned for Keflavik Air Force Base, Iceland. It is planned that prefabricated houses for this project will be purchased in Finland with Public Law 480, title I funds and that erection costs will be paid partly with title I Icelandic currency and partly with appropriated dollars.

#### BERMUDA

300 units of family housing are planned for construction during fiscal year 1959 at Kindley Air Force Base, Bermuda. The cost of this housing will be paid from British pounds sterling obtained through a title I, Public Law 480 sale to the United Kingdom. This project also will be supported (not to exceed 25 percent) with appropriated dollars.

#### PORTUGAL (AZORES)

It is planned to proceed during fiscal year 1959, with a project of 306 units of family housing at Lajes Air Force Base, Azores. The first increment of 135 units in this project will be supported with existing title I funds which have accrued from the sale of surplus commodities to Portugal. Financing of the remainder of these houses will be developed through further surplus commodity sales.

#### JAPAN

The original project of 1,700 units of family housing to be built at Army, Navy and Air Force installations in Japan has now been reduced to 1,350 units as a result of the redeployment of United States forces in Japan. No further housing construction is planned in Japan and plans are now underway to arrange for the use of the remaining local currency earmarked for housing to support housing construction in the Philippine Islands. It is expected that approximately \$3 million will remain from the first Japanese agreement which can be added to the \$8 million of housing funds created through the second Japanese agreement. This \$11 million is expected to provide most of the necessary financing for the housing program in the Philippines described below.

#### PHILIPPINE ISLANDS

It is planned that 450 units of family housing will be built at Clark Air Force Base in the Philippines with the cost of construction to be paid from Japanese yen accrued from Public Law 480, title I sales to Japan, plus approximately \$1.5 million in pesos obtained through a title I sale to the Philippine Islands. Additional support will be provided from appropriated dollars (up to 25 percent) if required.

Mr. STENNIS. Mr. President, the distinguished junior Senator from Minnesota [Mr. HUMPHREY] has on several occasions expressed a special interest in barter programs. I understand that he has introduced an amendment included in the committee bill which directs the Secretary of Agriculture to barter agricultural commodities for critical and scarce materials needed in the United States. These barter transactions would be limited to \$500 million annually and would be especially directed toward acquiring materials which entail minimum loss due to deterioration and low-storage charges. This certainly appears to be a step in the right direction toward assuring an available supply of scarce materials which cannot be adequately produced domestically. To me it makes sense to use our present agricultural surplus to obtain the materials that we may need for an emergency.

Mr. President, I should also like to reaffirm my special support for using foreign currencies for market-development projects. Under existing agreements, about \$43 million in currencies have been allocated for foreign agricultural market development. To date, more than \$9 million is being obligated for approved projects in cooperation with private trade organizations that have contributed almost \$3 million. I understand that cotton-promotion projects have been undertaken in 21 countries and have contributed to the free movement of cotton overseas and are expected to continue to create a foreign demand for American cotton. This program is a move in the right direction and will be of lasting benefit in building strong mar-



kets for all United States agricultural commodities in the years to come. I hope that greater emphasis will be given to expanding the use of foreign currencies for this purpose.

Mr. President, looking ahead I strongly believe that title I and title III of the Agricultural Trade and Development Act combined with sound loans should systematically replace our foreign-aid programs. A great part of our huge cash outlay under the foreign-aid programs can and should be channeled more effectively through this program.

Mr. AIKEN. Mr. President—

The PRESIDING OFFICER. The Senator from Vermont has been trying to get the floor since about sunrise.

Mr. ELLENDER. Mr. President, I still have the floor. I think I was recognized some time ago.

Mr. AIKEN. I believe I was recognized.

Mr. ELLENDER. I yield to the Senator from Colorado [Mr. ALLOTT].

Mr. ALLOTT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ALLOTT. Does the Senator from Vermont have the floor?

The PRESIDING OFFICER. The Senator from Vermont has the floor.

Mr. ELLENDER. Mr. President, I do not remember yielding the floor, but it is all right.

Mr. AIKEN. Mr. President, I ask unanimous consent that I may yield to the Senator from Louisiana long enough for him to reply to a question by the Senator from Colorado.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. ALLOTT. If the Senator from Louisiana will be so kind as to answer 2 or 3 questions, I would appreciate his courtesy. I have been trying to get the floor for some time. I realize that the colloquy has been long and involved. I attempted to get the floor before the Senator from Florida brought up the question of strategic materials.

As my first questions to the Senator from Louisiana, I wonder if the Senator can give us, since I find nothing in the report about it, information as to the amounts of metals such as copper, tungsten, lead, zinc, and fluorspar, which have been imported into the country in the last year under this act.

Mr. ELLENDER. We do not have the information available. It may be that the distinguished Senator from Minnesota [Mr. HUMPHREY] has that information. He held hearings last year on the subject, as I stated.

Mr. ALLOTT. I wonder if we could have that information supplied for the RECORD.

Mr. ELLENDER. I shall see if the information can be obtained.

Mr. ALLOTT. Those of us who come from mountain States in which ore production is of great significance are very much worried about this matter. Am I correct in assuming that under the fifth provision contained in the report, on the first page, metals such as tungsten, lead, zinc, copper—nonferrous materials—

could come into this country, under the barter program, duty free?

Mr. ELLENDER. If we are in short supply and we need them, and they are not domestically produced, yes. In doing that, I presume the administrator of the program would certainly survey the amount we have on hand of any of those materials. I would give him credit for doing that. If there is on hand in the stockpile a supply of tungsten or any other metal which we do not produce, and of which we have a 10- or 15-year supply, I presume the administrator would not let any more of the material be imported.

Mr. ALLOTT. Let us take the case of tungsten.

Mr. ELLENDER. I believe that we have a 10-year supply of that material.

Mr. ALLOTT. My understanding is we have a five-year supply.

Mr. ELLENDER. I thought it was a 10-year supply.

Mr. ALLOTT. But in the case of lead and zinc, as well as of tungsten, we are capable of producing those metals in this country. I am sure we can produce all the tungsten we need, but in the case of lead and zinc we can produce far in excess of what we can market. Is not the effect of the barter provision to depress the price of those metals?

Mr. ELLENDER. If we produced our domestic requirements we could not barter for the minerals the Senator has made reference to. In other words, section 303, on page 3 of the bill, states specifically that the Secretary can barter materials of which the United States does not domestically produce its requirements.

Mr. ALLOTT. I see that requirement. But in the case of any mineral of which we do not produce all our requirements, the Secretary could still barter for those materials and import them into this country, tariff- or duty-free, in competition with the mineral producers of this country. Is that correct?

Mr. ELLENDER. How would that differ from the present manner in which we obtain materials that are not domestically produced in sufficient quantities to meet our demands? In other words, how would there be any additional competition under the program?

Mr. ALLOTT. On page 3, line 8, it is stated:

Materials of which the United States does not produce its requirements and which entail less risk of loss through deterioration.

Mr. ELLENDER. How do we obtain our supply of materials of which we do not produce a sufficient quantity? We buy them.

Mr. ALLOTT. We buy them offshore.

Mr. ELLENDER. Exactly.

Mr. ALLOTT. But we do not import them into the country duty free. That is the point.

Mr. ELLENDER. The minerals which are in our stockpile have come into this country in that manner. The minerals that would come into the country under the pending bill would likewise go into the stockpile. The law in that respect has not been changed at all, I say to the Senator from Colorado.

Mr. ALLOTT. I realize the law may not have been changed, but this is one of the practices which has been acting as a depressant to domestic mineral producers. For instance, under Public Law 480, a fluorspar mine was put into operation in Mexico, in competition with fluorspar mines in this country. While the producers in this country can produce our needs of that mineral, fluorspar from the mine in Mexico was imported in competition with that produced in our own country.

Mr. ELLENDER. I could point out to my friend from Colorado any number of industries which were established with his money and with my money, not under Public Law 480, but as a result of cash we, in part, furnished. Take, for example, the automobile plant rehabilitated by foreign-aid funds in France. We spent millions of dollars to revitalize that plant. It belonged to the French Government at the time. The French Government has since sold it. The Senator's money and my money was used to put the factory back on its feet. Today that factory is shipping carloads of automobiles in competition with those produced in Michigan.

This result is not peculiar to Public Law 480. I could point out any number of instances for the Senator.

Mr. HUMPHREY. Mr. President, will the Senator yield so that I may point out a reference?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. Mr. President, I think it would be very helpful if the Senator from Colorado [Mr. ALLOTT] could refer to the hearings. I know the Senator is a very busy man, and we all do not have time to go through 600 pages of hearings.

Mr. ALLOTT. The Senator is correct.

Mr. HUMPHREY. I should like to refer the Senator to page 575 of the hearings.

Mr. AIKEN. Mr. President, I did not yield for the purpose of listening to a series of speeches. I yielded so that the Senator from Colorado might make an inquiry or two of the Senator from Louisiana. I hope I will have a chance to offer my amendment.

Mr. ALLOTT. Mr. President, I will yield the floor and later try to procure the information I desire in a different way.

I thank the Senator from Vermont.

Mr. AIKEN. Mr. President, I call up amendment 3-17-58-B, on behalf of myself and the Senator from Iowa [Mr. MARTIN], and ask that it be made the pending question.

The PRESIDING OFFICER (Mr. HOBLITZELL in the chair). The amendment will be stated by the clerk.

The LEGISLATIVE CLERK. On page 3, line 3, it is proposed to strike out all of sections 5 and 6.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. AIKEN] for himself and the Senator from Iowa [Mr. MARTIN].

Mr. AIKEN. Mr. President, there have been some good arguments made in favor of the amendment this after-



noon; and, therefore, I am not disposed to take much time of the Senate. I am sure we are all agreed as to the desirability of continuing Public Law 480, which has performed outstanding service for us not only with regard to agriculture but with regard to other segments of our economy as well.

I voted to report the bill from the committee, as did all the other members of the committee, but I reserved the right to oppose on the floor the provisions relating to barter, because I felt they were altogether too broad and would perhaps lead us into a great deal of trouble. Therefore, the Senator from Iowa [Mr. MARTIN] and I have offered the amendment which is now the pending question.

Public Law 480 has accomplished a great deal of good. It has helped to dispose of our surplus commodities. It has helped to pay the cost of mutual aid and other programs. It has helped to relieve famine and want in many of the poorer countries of the world.

Mr. President, I desire to speak on the provision of the pending bill which would change the existing law relating to barter transactions. The amendment has been offered, in an endeavor to strike out sections 5 and 6 of the bill, because of the proposed change in existing law.

The greatest objection to sections 5 and 6 is that they open up barter contracts so as to replace dollar sales. The agricultural commodities owned by this Government are a valuable although a burdensome asset. The pending bill would in effect almost earmark the proceeds from sales of commodities which are currently being sold for dollars for the purchase of foreign materials, up to \$500 million a year. The Department of Agriculture would be operating a price-support program for metals and minerals produced all over the world. However, our down domestic mining interests could not participate, and any temporary benefits to them would be more than offset by the encouragement to the expansion of the productive capacity abroad and the maintenance of tremendous stocks of metals in Government hands in dead storage in this country; which stocks, if the taxpayer is ever to realize anything on his investment, must some day be utilized in competition with domestic production.

In that respect, Mr. President, we know how the enormous accumulations of farm commodities have depressed prices for farm products in this country. Is there any reason to believe that enormous accumulations of minerals taken in barter would not also depress the price of minerals?

Mr. JENNER. Mr. President, will the Senator yield on that point?

Mr. AIKEN. I yield.

Mr. JENNER. Is the stockpile program not now nearly \$8 billion?

Mr. AIKEN. I believe it is.

Mr. JENNER. At least, a little more than \$7 billion?

Mr. AIKEN. I am not a member of the committee which handles that phase of the proposed legislation, but I think it is an enormous figure. If we stockpile more than we need, it is bound to have an effect on the prices of those commodities produced in this country.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. AIKEN. I yield to the Senator from Utah.

Mr. WATKINS. Is it not a fact that we had a stockpile program for lead and zinc a short time ago, operated through the Department of the Interior, which program has been filled? The requirements of that stockpile have been filled, and it has ceased to operate. We have that stockpile, and we also have the stockpile which has been filled through the barter of agricultural commodities in years gone by. At the present time, therefore, we have two stockpiles which have been filled.

Mr. AIKEN. I believe the Senator is correct.

The weakness of the barter provisions in the pending bill is that under the proposed changes, we do not have to barter for strategic materials. We can barter for any materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges.

Mr. JENNER. For the benefit of the Senate, will the Senator from Vermont enumerate some of the items which might be brought in under the barter provisions?

Mr. AIKEN. I plan to do that very shortly.

Mr. President, since many Members of the Senate are present, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were ordered.

Mr. AIKEN. I wish to say something about the argument which has been made regarding the exchange of farm commodities for strategic metals or other materials, for the effect that we will save large sums on storage. Unless the Office of Defense Mobilization or the agency which operates the stockpile is willing to take the materials for which we have bartered, the Commodity Credit Corporation will continue to have to pay storage on them until they are disposed of. It is conceivable that the Commodity Credit Corporation might be obligated to pay storage on the materials for the next 40 years. It is not likely that the Commodity Credit Corporation would have to pay storage on wheat or corn for more than 4 or 5 years, because those commodities would not keep much longer than that.

I also desire to point out, Mr. President, that the commodities which will be bartered for up to the amount of \$500 million a year could come into this country duty free. It seems to me that would affect revenues. So far as I know, the Committee on Finance of the Senate and the Ways and Means Committee of the House have not considered the matter to any degree. I believe the proposal should be out of order on that ground alone.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. ALLOTT. Under the previous law did these materials come in duty free?

Mr. AIKEN. I believe they did.

Mr. JENNER. They did, but they were limited to strategic materials.

Mr. AIKEN. But they were limited to strategic materials.

I believe other agencies of Government had to take custody of those materials when they came in, so that the Commodity Credit Corporation would not be obligated for storage for so long a time as it would under the pending proposal.

Mr. MARTIN of Iowa. Mr. President, will the Senator yield?

Mr. AIKEN. I yield to the Senator from Iowa who, I believe, became the father of the stockpile as a Member of the House of Representatives.

Mr. MARTIN of Iowa. The original creation of the supplemental stockpile came about in the Agricultural Trade Development and Assistance Act of 1954. It was my privilege to offer the amendment on the floor of the House of Representatives which created the supplemental stockpile under title I, "Sales For Foreign Currencies." We provided that the strategic materials—and that was all we had in mind at the time—were to be channeled into the supplemental stockpile and were to be frozen there as an insurance certificate for national defense use. They were strictly restricted to that purpose and were not to be taken out of the supplemental stockpile except by act of Congress.

The amendment which I offered in 1954 was very strictly limited to that extent. It provided that the materials could not be pried out by any other method than by an act of Congress.

We thought that was sufficient protection to the domestic mining industry, to avoid a clash between the mining industry and the agricultural interests in marketing our surplus agricultural That was particularly guarded against in the 1954 act.

Certain provisions in the pending bill—and that is why I join with the Senator from Vermont in the amendment—are very shocking to me. They do not point in the direction of national defense at all. They get away from the critical and strategic materials field. If those provisions are to go into the law, I wish to offer an amendment to protect the mining industry of our own country against the possible prying out from the stockpile of strategic and critical materials, without the same safeguard which was provided in the 1954 act.

Mr. AIKEN. Mr. President, the Senator from Indiana asked me if I could give him a list of the materials for which CCC commodities could be bartered under the pending bill. I cannot do that. It would require a great deal of research work.

However, I should say that any material of which the United States imports substantial quantities for our domestic use would be included in this category. It would certainly include items such as wool, petroleum, metals of various kinds, copra, tung oil, probably extra-long-staple cotton, pulp, and paper, of which we import a great deal. I am not sure, but the category probably would include cement. It would include rubber, coffee, and a host of other commodities.



The Department of Agriculture is vigorously opposing this wide-open barter program. It points out that since the barter transactions would, for the most part, merely replace dollar sales, the Commodity Credit Corporation inventories of agricultural commodities would not be appreciably reduced, and there would be no saving on storage costs or deterioration losses.

As there would be no appreciable reduction in Commodity Credit Corporation agricultural inventories, there could be no benefit to farmers under any agricultural program likely to be in effect.

The legislation would, however, be of great benefit to the international diamond cartel, and to other mining interests all over the world, except in the United States. The only group in the United States which would receive substantial benefits from the proposed legislation would be those few corporations which customarily engage in importation and exportation of materials and commodities. International traders would gain what our domestic taxpayers and domestic mining interests and other domestic producers might lose.

If we have \$500 million a year to spend, we should find some place for it which will benefit American labor and American farmers, and not let it be injurious.

As I have said, the State Department strongly opposes these barter provisions. The Department of Commerce advises me that it is strongly opposed to them. If the amendment which I have proposed is approved, the barter provisions of the law will remain as they are now.

I believe the Department is negotiating, to the extent of about \$50 million, for the barter of manganese and other commodities on the list which we still need.

Mr. COTTON and Mr. HOLLAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Vermont yield; and if so, to whom?

Mr. AIKEN. I yield first to the Senator from New Hampshire, and then I shall be glad to yield to the Senator from Florida. I am about through. I shall try to be brief, as I heard some very good arguments for the amendment this afternoon on the floor of the Senate. I am sure other Senators will desire to take some time to discuss it.

I now yield to the Senator from New Hampshire.

Mr. COTTON. My question will be very brief. If, under this barter provision, commodities can be imported on the basis of the fact that they are being imported into this country at the present time, then even though the reason we are importing them is that some particular industry in this country is not producing because it cannot compete, such commodities could still be brought in, could they not?

Mr. AIKEN. I think that would be perfectly true. I have in mind the veneer industry, which claims to be in trouble now because of the large imports coming into this country.

Mr. COTTON. It might be true that because we are now importing finished

textiles, they could continue to be brought in under this provision.

Mr. AIKEN. That is true. The reason we are not producing enough to meet our needs in some instances is that we are not even now meeting foreign competition.

Mr. COTTON. I wanted to make that point clear, because it is a dangerous provision in my opinion. I hope the Senator's amendment will prevail.

Mr. AIKEN. I now yield to the Senator from Florida.

Mr. HOLLAND. I note with concern not only the matters which the distinguished Senator from Vermont has mentioned, but also the wording found in lines 9, 10, 11, 12, and 13 of page 4 of the bill, which I read into the RECORD, as follows: "and other agencies of the Government, in purchasing such materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements."

It seems to me that means that if the Secretary of Agriculture chose to exchange a surplus agricultural commodity for tung oil, let us say, and if the Navy, the largest user of tung oil, wanted tung oil, it would purchase its needs of tung oil which was imported duty free, from the Commodity Credit Corporation, and it would be required to do so under the wording I have just quoted, because the words used are "shall purchase," instead of showing consideration to domestic producers. Is there any justification for that conclusion?

Mr. AIKEN. It is my interpretation that the other agencies of Government might be required to purchase such materials from the Commodity Credit Corporation rather than from their normal sources of supply in this country. In the case of tung oil, the Senator from Florida is well aware of what those sources of supply are.

Mr. HOLLAND. It seems to me that, while under the earlier law as to strategic materials, such a provision would not have been dangerous, because we are piling up strategic materials for the defense of the country, under the wording of the pending bill whereby the Secretary of Agriculture is encouraged—and perhaps mandated—to exchange surplus agricultural commodities for any materials of which we do not produce enough to supply our own needs, other agencies needing such materials would be required to buy them from the Department of Agriculture, even though they were brought in duty free, and even though they came from offshore.

It seems to me that we are striking a serious blow, in some instances, at the agricultural interests of this country, and at many other industries, including the mineral producing and petroleum industries, or we might do so under the provisions of the bill. I wonder if the distinguished Senator agrees with that conclusion?

Mr. AIKEN. The Senator from Vermont is very much in favor of bartering our surplus commodities for other commodities when such barter is in addition to business which would otherwise be done. I feel that the Senator from

Florida has pointed out some very real pitfalls. I think there are others which probably none of us have observed as yet. It would be much safer to remain under the present law than to embark on some new venture which, to all appearances, might lead us into some very devious ways, and probably upset the normal channels of trade, even in places where we do not as yet suspect it would.

Mr. HOLLAND. I appreciate that expression.

Mr. HUMPHREY and Mr. JENNER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Vermont yield; and if so, to whom?

Mr. AIKEN. I yield first to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I have listened with considerable interest to what I am sure are very legitimate concerns of my colleagues about the language of this provision. Perhaps some improvements could be made, but I should like to say most respectfully that the word "materials" to which the Senators seem to be taking such exception, was used in the Agricultural Act of 1956, which was signed by the President. Section 206 (a) of that act provides:

Materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products, unless acquired for the national stockpile established pursuant to the strategic and critical material stockpiling act \* \* \* shall be transferred to the supplemental stockpile established by section 104 (b) of the Agricultural Trade Development and Assistance Act of 1954.

Therefore the word "materials" has been a part of the law, and the supplemental stockpile has been inclusive of that word. Therefore all the fears that have been conjured up in an effort to distort the meaning of the amendment should have been brought up for the past 2 years.

Mr. JOHNSON of Texas. Mr. President, may I have the attention of the Senator from Louisiana and the attention of the Senator from Vermont, as well as the attention of all other Senators interested in the subject under discussion?

We had planned to continue in session until about 6 o'clock this evening. I would hope there would be no rollcalls after that hour. I wonder if it is agreeable to the Senators on both sides of the aisle if we continue to discuss the pending bill as long as it is desired to discuss it, say until 6 or 6:30 or 7 o'clock this evening, but that no votes be taken, until tomorrow, so that Senators who have been standing by may know.

Mr. JENNER. Mr. President, may we have the yeas and nays ordered on the bill?

Mr. JOHNSON of Texas. The yeas and nays have been ordered on the amendment.

Mr. JENNER. On the amendment. I ask for the yeas and nays on the bill. This involves \$3½ billion. I believe we should have the yeas and nays ordered on the bill. I so request.

The yeas and nays were ordered.



Mr. JOHNSON of Texas. I should like to work out an arrangement which will be satisfactory to all parties involved. Is what I have suggested agreeable to the Senator from Vermont?

Mr. AIKEN. I do not know how much more speaking there is to be on the bill. I think it would be agreeable. It may be difficult to get a quorum after 6 o'clock this evening. I do not know how many Senators may wish to speak after that time. I should like to get a vote on the bill as early as possible tomorrow.

Mr. JOHNSON of Texas. I will cooperate with the Senator completely on getting a vote on the bill tomorrow. I do not believe we would be able to get it until a late hour this evening. Our schedule is such that we do not have to have a vote on it today. If it is agreeable to the Senator from Vermont and to the Senator from Louisiana, we will plan to start voting as early as possible tomorrow. Does the Senator from Vermont have any suggestion?

Mr. AIKEN. No. I do not know of any other speakers, but I cannot say positively, because there may be speakers on both sides of the question on both sides of the aisle.

Mr. JOHNSON of Texas. Then I shall announce for the information of the Senate, so far as it is possible to control the situation, there will be no rollcalls this evening.

Mr. JENNER. Mr. President, I should like—

Mr. HUMPHREY. Mr. President, I did not yield the floor.

Mr. JENNER. Did not the Senator from Vermont yield the floor?

Mr. HUMPHREY. I did not yield the floor, Mr. President. I yielded to the Senator from Texas for the purpose of making an announcement.

Mr. JENNER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JENNER. Did not the Senator from Vermont have the floor?

Mr. HUMPHREY. I yielded to the Senator from Texas.

Mr. JOHNSON of Texas. The Senator from Minnesota was speaking when I interrupted him.

Mr. JENNER. I thought the Senator from Vermont had the floor.

Mr. AIKEN. I think I had it, but I do not know that I cared to hold it. If I had it, I yielded it.

Mr. HUMPHREY. I shall not take much time of the Senate. I merely wished to correct the RECORD—

Mr. JENNER. I am glad to yield to the Senator from Minnesota.

Mr. HUMPHREY. I ask for the regular order, Mr. President. Who has the floor?

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

Mr. HUMPHREY. The Agricultural Act of 1956 refers to the transfer of bartered materials to the supplemental stockpile. It reads:

Materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products, unless acquired for the national stockpile established pursuant to the Strategic and Critical Materials Stockpiling Act

\*\*\* or for other purposes shall be transferred to the supplemental stockpile established by section 104 (b) of the Agricultural Trade Development and Assistance Act of 1954.

Section 206 (b) reads:

Materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products may be entered, or withdrawn from warehouse, free of duty.

The words "free of duty" have been on the books for 2 years. It is only free of duty from this point of view: It is a governmental agency which acquires the materials, and thereby it results in a saving to the governmental agency. It does not, however, mean that the governmental agency passes the duty on to the contractor. They reduce the price paid him by the amount of the duty.

I add that the fears which were alluded to a moment ago, relating to the directive in the law which require the other agencies of government to cooperate with the Commodity Credit Corporation in acquiring these materials for their use, is the very language in the present law under which we have been operating, and under which we have not been injuring the American economy in any way.

I would refer my friendly critics on the other side of the aisle to page 575 of the testimony shown in the volume entitled "Policies and Operations under Public Law 480," and the statement therein of the Hon. Hatfield Chilson, Under Secretary of the Interior, presented by Spencer S. Shannon, Director, Office of Minerals Mobilization, Department of the Interior. It states his view very clearly in this one sentence. "It is clear that this program can be of great assistance to these industries." That refers to the minerals industries and the mining industries because taking minerals for the supplemental stockpile provides an opportunity for mining and mineral activities to receive prices which are profitable, and because work markets have been stabilized and which should not be turned down.

TRADING SURPLUS GRAIN FOR MINERALS MEANS REMAKING INDUSTRIAL MAP OF UNITED STATES

Mr. MALONE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MALONE. I should like to point out to the distinguished Senator that his reasoning may not include the whole story. The ruling was clear during World War II—the early forties—that the Government does not pay the duty or tariff. It is a long-standing practice.

However, if the duty were paid it would just be out of one pocket and into the other—and would be less confusing than the present practice.

The mines have been shut down or much reduced in production by our trade practices; therefore, when the bill provides that the grain be traded for any material which is not produced in sufficient quantity for domestic use it means the mining industry can be down indefinitely through cheap imports.

The zinc, lead, tungsten, mercury, and many other mines are down—copper is much reduced in production—all due to

cheap labor-produced foreign imports. So under this act as now written, they could be kept closed through trading surplus grain for such products. Under that policy the mines would never open again.

It would remake the industrial map of this Nation.

Mr. HUMPHREY. I do not want to argue the basic philosophy involved with the Senator from Nevada, because he has a very strong point of view and is a man of very deep convictions on this subject. He has done great work in behalf of the productivity of our mines and their solvency as a part of the economy of our country. I am only saying to the Senator regarding the argument that has been made before, that we are not changing the law—

Mr. MALONE. The Senator is not changing the law.

Mr. HUMPHREY. Whether the law is good or bad, the duty-free provision has been in the law right along. We are not talking about disposing of these goods in the normal channels of trade in the American market.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MALONE. The Government has imported goods free of duty since early in World War II.

Mr. HUMPHREY. I should like to say to the Senator that as the Senator knows, I have been very sympathetic in terms of his efforts to give some legitimate protection to our mines and mineral interests of our country.

Mr. MALONE. I appreciate it.

Mr. HUMPHREY. I commend him for all he has done. I remember that hearings were held when very few persons paid much attention to them.

Mr. MALONE. The reports on the Western Hemisphere are still available and show conclusively that we do not need to secure any of such material from across a major ocean. I appreciate the assistance of the Senator.

To clarify our discussion on duty-free products imported by the Government, it was ruled during World War I that whenever material was brought in by the Government for Government use, the duty need not be paid. That was argued at some length at the time. It would be much more simple and just one pocket into another if the Government paid the duty. But we never got that point across.

So far as the duty or tariff is concerned, there is no change here. The danger, however, is that the products will be brought in through such trades, and productions of such materials in the United States be further reduced.

The whole foreign trade policy is pointed to reduce domestic production through the President's authority under the 1934 Trade Agreement Act—to trade any industry to further his foreign policy.

The duty or tariff as rearranged under that act—so-called Reciprocal Trade Act—bears no relation to the difference in cost of production here and abroad.

That is the chief danger of the bill.

Mr. HOLLAND. Mr. President, will the Senator from Minnesota yield?



Mr. HUMPHREY. I yield.

Mr. HOLLAND. Everyone recognizes the good and patriotic motives of the Senator from Minnesota. I do not think anyone is questioning them. Certainly I am not, but I call attention to the fact that the statement he just made was too broad.

If the Senator will look at page 20 of the committee report, he will find that the present provision of existing law is not nearly so broad as the one he is proposing. I quote the existing law:

Strategic materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing strategic materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements.

The wording of the present act is broadened in that instead of "strategic materials" the wording proposed is "materials."

Mr. HUMPHREY. It says "materials."

Mr. HOLLAND. The Senator from Minnesota and the committee have inserted in the bill "materials" for "strategic materials" in every place, so the bill before the Senate reads:

Materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing such materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements.

Mr. HUMPHREY. That is correct. If the Senator from Florida will permit me to make this addition, when one takes section 206 (a) of the Agricultural Act of 1956, which applies to Public Law 480, he will see that in 1956 the act was amended to include strategic and other materials.

Mr. HOLLAND. I understand; but the provision for the purchase of the materials by other agencies of the Government is confined entirely, under the last enactment, the law now existing, to strategic materials. Other materials were not included. It is that to which I am inviting the Senator's attention, in the wording I have just read into the RECORD.

If the Senator from Minnesota will read from line 4 to line 12, inclusive, in the top paragraph on page 20 of the report, which is the compilation of the old wording and the new wording of section 303, he will see that the point I have made is correct.

In other words, the change now proposed would not only permit the purchase of materials generally, whenever we do not produce in this country all of such material we need, but would allow them all to be sold duty-free to the other agencies of the Government, and would make it the duty of the other agencies of the Government to purchase them from the Department of Agriculture, so far as the volume accumulated would permit.

It seems to me that that is a completely different provision from that which is in the present law, which confines the purchases entirely to strategic materials.

Mr. HUMPHREY. I have great respect for the Senator's viewpoint. But it is my recollection that when we examine the act of 1956, which was amended to include strategic and other materials, the reference is to strategic materials that shall be acquired under the National Stockpile Act. All these materials shall be available for the supplemental stockpile, provided under section 104 (b) of the Agricultural Trade Development and Assistance Act of 1954.

I think the Senator will find that the words "other materials" are broadening in terms of the ability of the Secretary of Agriculture to barter. He could barter for more than simply strategic materials. He could also barter for other materials, and those materials would be available for the departments that were working with the Secretary in the acquisition.

Mr. HOLLAND. If the Senator will read subsection (b) of section 206, as printed on page 20 of the report, he will find that the duty-free provision under the existing law applies only to strategic materials, whereas the Senator proposes to apply that provision to all materials.

Mr. HUMPHREY. That is correct; not to all materials, but to all materials bartered for and which go into the supplemental stockpile.

Mr. HOLLAND. All materials bartered for.

Mr. HUMPHREY. They are the same materials as were made available under section 206, including strategic and other materials.

Mr. HOLLAND. But under existing law, the duty provision does not apply to materials other than strategic materials.

Mr. HUMPHREY. I would accept an amendment on that point.

Mr. HOLLAND. That provision, I think, is good, whereas the bill as reported very clearly applies the duty-free provision to all materials, whether strategic or not.

Mr. HUMPHREY. I do not think the Senator can draw that conclusion at all.

Mr. HOLLAND. Let me quote for the RECORD the provisions of the existing law. Section 206 (b) reads as follows:

Mr. HUMPHREY. We do not amend section 206 (a) of the law.

Mr. HOLLAND. Section 206 (a) of the law is amended by the wording of the committee bill. Section 206 (b) is also amended. Section 206 (b) in the present law reads as follows:

(b) Strategic materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products may be entered, or withdrawn from warehouse, free of duty.

The pending measure provides an amendment to section 206 (b), so as to make it read—

Mr. HUMPHREY. The Senator from Florida is correct.

Mr. HOLLAND. I thank the Senator from Minnesota.

Mr. HUMPHREY. I thank the Senator for his correction.

Mr. HOLLAND. The distinguished Senator from Minnesota is not to be blamed, and I am not blaming him; I

am calling attention to the fact that I think the committee bill, as reported, goes much further than the Senator from Minnesota would want to go—certainly much further than the Senator from Florida would want to go. I am trying to be constructive in my suggestion.

Mr. HUMPHREY. I felt amendments were needed to this section of the bill. I do not say they are not. But I do not agree with the position taken by the Department, in which they were, on the one hand, running footloose, and fancy free, but now are embedded in concrete. We are attempting to jar the Department loose from a fixed position of complete inertia. The Department is refusing to comply with the provisions of this section of the law. They are refusing to barter. They are refusing to barter at the expense of the people of the United States; at the expense of the taxpayers; at the expense of agriculture.

The Department of Agriculture is simply refusing to move, and their reason for refusing to move is that they are afraid of what happened prior to May 28. Mr. Berger knows I am telling the truth.

Mr. HOLLAND. I am not entering into any disputes or contentions between the Senator from Minnesota and Mr. Berger, whom I do not happen to know.

Mr. HUMPHREY. He is the head of the Commodity Credit Corporation.

Mr. HOLLAND. I am simply calling the Senator's attention to a fact which he has now conceded; namely, that the proposed law as drafted goes very much further than we could afford to go. I hope a further amendment will be suggested to clarify this point. I shall not support this section of the bill as now drawn. I do not believe the Senator from Minnesota would, either.

Mr. HUMPHREY. I think the Senator's point is worthy of our consideration and of adjustment, if such can be done tomorrow.

But, by the same token, the defense which is offered for the status quo is indefensible. The defense which is being made of the existing provisions for barter is a defense of surpluses. The very same Department of Agriculture that complains about its surpluses and refuses to liquidate them complains about the cost of storing surpluses and refuses to sell them. The very same Department of Agriculture that misused the barter program prior to May 28 now refuses to use the program at all. That is the record. Those who will study the hearings will find that the Department of Agriculture cannot justify its unwillingness to move.

Mr. HOLLAND. Mr. President, will the Senator from Minnesota yield further?

Mr. JENNER. Mr. President—

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. HOLLAND. I ask the distinguished Senator from Indiana to yield, in order that I may make a further comment, if the Senator from Indiana will be so kind.



Mr. JENNER. Mr. President, now that I have the floor, I am glad to yield.

Mr. HOLLAND. Mr. President, the Senator from Florida favors the continuance of barter, and has tried his best to help with the wording of the bill, so as to make it sound. But the Senator from Florida does not favor the continuance of barter in such a way as to make more difficulties for United States agricultural commodities which are not now in surplus supply, by the exchange of agricultural commodities, nor is he in favor of creating greater difficulties for other industries in the United States generally—not industries producing agricultural commodities—by the unwise use of barter. It is for that reason that we have engaged in this colloquy.

Mr. HUMPHREY. Mr. President, I say most respectfully to the Senator from Florida that he has been very helpful.

It seems to me that the majority of the committee could well accept the suggestions the Senator has advanced, in terms of including the words "strategic and other materials," rather than only the words "other materials," in both subsection (a) of section 206 and subsection (b) of section 206. I would be more than happy to join the Senator in such a proposal.

#### MORE BILLIONS FOR FOREIGN PROGRAMS

Mr. JENNER. Mr. President, the objection I raised when Senate bill 3039, for the disposal abroad of agricultural surpluses, was reached during the call of the calendar, was made because the bill would add \$2 billion to the liabilities against the credit of our Government.

Now Senate bill 3039 has been replaced by Senate bill 3420, which is even more far-reaching.

The authority of the Commodity Credit Corporation to engage in international transactions in farm products will be increased, by the new proposal, to \$3.5 billions, or nearly double the amount under the earlier bill.

No new hearings have been printed.

The new bill would permit counterpart funds, which foreign countries pay for these farm products—and we have been referring to only a few specified items—to be used for new kinds of international activity—for more State-sponsored travel by agricultural, labor, press, and civic leaders, and also for American Government support of foreign schools, colleges, and universities.

I believe the Senate will wish to discuss thoroughly some important questions which are raised by this bill.

First. For instance, do we need to increase by \$3.5 billions the funds available to the Commodity Credit Corporation for giving away to foreign countries our agricultural surpluses?

Second. Should we add more billions of dollars to American Government transactions in the currency of friendly sovereign nations?

Third. Do we need to increase both spending and currency operations for 2 full years after June 1958, including the first year of a not-yet elected Congress?

Any bill which increases the charges against the credit of the United States—and that is what this bill would do—by

\$3.5 billions at this time should be subject to long and searching study by the Congress.

Mr. President, sometimes I am inclined to believe that the Congress has gone crazy on this spending business.

This is a companion bill to S. 3149, which would increase the borrowing authority of the Export-Import Bank by \$2 billion, at a time when that bank is reinvesting counterpart funds from Commodity Credit Corporation transactions in development aid for private enterprise in foreign countries.

Mr. President, Senate bill 3149 is ready and I understand it will be brought up in the Senate immediately after the pending bill is disposed of.

Senate bill 3039 provided for an increase of \$500 million in funds for the current fiscal year, and an increase of \$1.5 billion in the funds for the fiscal year 1959.

The new bill would add an authorization for another \$1.5 billion for the fiscal year 1960.

No one knows what may be our needs and resources in 1960.

Secretary Benson apparently prefers that funds be extended for 1 year only.

He said—as appears on page 11 of the Senate committee report on Senate bill 3039—that the surplus disposal program was meant to be temporary.

Of course, Mr. President, all the foreign programs, and all the foreign-aid programs commenced as "temporary." I remember when, several years ago, the Marshall plan was begun. It was said to be a plan for temporary aid, to help war-ravaged Europe to get off its knees and become able to walk again. But once these things are begun, they never end.

In this instance we find that a bill which was on the calendar was returned to the Committee on Agriculture and Forestry; and, without having printed hearings, a provision for the spending of another \$1.5 billion was added.

We find that the Secretary of Agriculture also stated:

This program must not be allowed to become a device for postponing needed price support and production adjustments. In some instances, the movement of basic commodities, under Public Law 480, results, under the current escalator provisions of legislation, in higher price supports than would otherwise prevail.

For example, on February 7, we announced the price support for cotton at 81 percent of parity. There is no question that this price support is substantially higher than it would have been in the absence of exports under Public Law 480.

This comes at a time when the cotton industry is having difficulties competitively with synthetics and foreign mills.

It is not desirable to keep farmers continually under the shadow of price-depressing surpluses.

The Secretary endorsed an increase in Commodity Credit Corporation funds, for disposal of farm products abroad, but only as part of something like the farm, food, and fiber bill—Senate bill 3049.

He wished to put the emergency foreign marketing plan into a framework which would, as he said, "bring the supply of farm products into better balance with market demand."

Secretary Benson merely restated this preference, when asked for his opinion on Senate bill 3420.

If the Secretary of Agriculture is not noticeably eager to have Congress grant this extension of Public Law 480 for so long a period, who is eager to have it?

I shall limit myself to mentioning a few facts.

Of the nearly \$4 billion expended by the Commodity Credit Corporation on disposal of farm products abroad, nearly \$1 billion was spent for wheat and flour.

In the 7 months of the fiscal year 1958 for which we have reports by countries, over one-third of this wheat and flour went to Poland and Yugoslavia.

Yet, Mr. President, the United States is supposed to be opposed to communism. The United States has been spending billions and billions of dollars to fight communism. Yet in 7 months of the fiscal year 1958, one-third of the wheat and flour under the program we are debating at this time went to Poland and Yugoslavia.

The Commodity Credit Corporation disposed of cotton worth almost half a billion dollars. Half a billion dollars, Mr. President. In 7 months of the fiscal year 1958, nearly three-fourths of the cotton went to Poland and Yugoslavia. Yet the United States is supposed to be opposed to communism.

Why is it that we never hear anything of this sort discussed on the floor of the Senate? Whom are we for, Mr. President? Are we opposed to communism?

We spend \$40 billion for defense, and then turn around and spend billions of dollars to give our enemies aid and comfort in the form of food and fiber?

The crop surpluses which were moved by this program did not bring any return to American producers, either the farmers or productive workers in industry and trade.

CCC disposal abroad of farm surpluses made up nearly 20 percent of our agricultural exports last year; but, in terms of the American people's income, this was gifts to other countries, not trade repaid in goods.

Payments are made in foreign currencies. We are told the foreign countries cannot pay in dollars.

But that means either that the foreign countries are subsidizing wages above what they can afford, or we are pricing ourselves out of the market by a dozen forms of governmental interference in the pricing process.

Now, obviously the simple thing to do with foreign currencies is for the Treasury to sell them promptly, and get the United States Government out of this dubious business.

Instead, we are reallocating these funds to 35 countries, in what is virtually supplemental foreign aid.

None of the money comes back to offset current spending, or reduce our debt.

I do not need to go into that subject tonight, because we all know where our spending is going and where our debt is going.

Foreign aid from this fund is not subject to the limits so carefully worked out by Congress in foreign aid legislation,



Agreements have been signed, so far, for the reallotment of \$2.5 billions of the total paid for our farm products.

The Senate report on S. 3039 states:

About 60 percent of the total will be used for economic development purposes in importing countries, about 10 percent will be used to support the defense forces of our allies, and the remaining 30 percent is planned for meeting United States expenses overseas, and expanding certain United States programs.

The quotation is from the report.

Let us look again.

Economic development is a vague, interesting, mysterious program, which keeps growing all the time.

As emergency economic aid in Europe is virtually finished, and hard military aid to anti-Communist nations is shrinking, we could be nearing the end of much of this overseas spending.

But instead of cutting down our aid, so-called economic development is taking up the slack, and the need for that will never come to an end until the billion people in undeveloped nations have everything they want.

Defense support is another name for economic aid. The House Committee on Legislative Oversight has recently reported what the General Accounting Office found when it looked into defense support. That is a pretty word.

What is meant by payment for United States expenses overseas?

How many of these vast foreign building programs are really needed for American purposes, and how many are really construction funds for a permanent foreign aid agency?

How much of the incessant travel by our officials serves any national purpose?

The use of counterpart for expansion in "certain United States programs" is also interesting. This money is to be spent to pay for two things. One is to expand "the educational exchange of agricultural leaders, labor leaders, journalists, and civic leaders."

It is therefore a supplemental appropriation for the exchange of persons programs of the State Department.

Should Congress permit CCC or any executive agency to enlarge, by indirect allotments, programs now carried on by the State Department or USIS, without direct congressional appropriations?

The other educational purpose is giving counterpart funds for "schools, colleges, and universities founded or sponsored by citizens of the United States, and in the supporting of workshops in American studies or American educational techniques."

Is it wise for us to operate within the sovereign territory of friendly foreign countries by having the United States Government subsidize schools, colleges, and universities, in their territories?

Are plans already worked out for sponsorship of such colleges and workshops by some of the ideological groups which work so hard to influence public opinion here in favor of their aims?

I am very much in favor of gifts by the American people for agencies like the Near East Relief, which gave magnificent assistance in education and training after World War I, or the various educational and training programs

of Americans in China, like Yale-in-China. But I do not know any good reason why the United States Government should put American Government funds into an educational enterprise within the confines of a friendly foreign nation.

I also do not want the American Government to help pick the true exponents of American studies, or American educational techniques, or help carry on workshops like some of the disguised propaganda agencies we have seen called by that name in the United States.

I question also why the Congress should enlarge the term "strategic materials" to include "materials of which the United States does not produce its requirements."

Is that a legal term, Mr. President?

I see the Senator from Minnesota discussing this matter with the Senator from Florida. Maybe they can work out some other kind of terminology by tomorrow.

What is meant by the term "materials of which the United States does not produce its requirements," and what is meant by "strategic materials"?

Is it one of the soft cobwebby expressions behind which Government agencies with unlimited funds can do many things about which Congress cannot even guess?

Why the provision that these unknown commodities are to be admitted duty-free?

Is all this tied to the rapidly developing mesh of governmental and international controls over our foreign trade, like GATT?

We know how often the wishes of foreign governments come first, in our participation in international economical controls.

I hope our cotton producers will listen to this:

The Senate report on S. 3039 tells how Spain preferred our long staple cotton over that from the Sudan, even when it was more expensive, but the State Department barred agreements to give away our long staple cotton, "For fear of getting in bad with Egyptians and Sudanese."

What kind of help do we give American agriculture if our farmers must depend on the friendly nod of Nasser to sell their cotton?

What is wrong with the historic American belief that trade and farming should be carried on entirely by private business, so that the Government is not entangled in business decisions, and agriculture and trade do not become tails to the State Department kite?

Our people came in sailboats over the trackless ocean to get away from busy-body governments which tried to guide their every move.

Why is something right now, which was so very wrong then?

Let me mention some other items which aroused my curiosity.

These counterpart funds are deposited in overseas banks.

As long as they lie there, are they not in fact American contributions to the bank reserves of these friendly countries? Does this include Poland and Yugoslavia?

Could we not have used those funds last year to add to our bank deposits at home when we were running so close to the edge?

Part of the funds is used for "the translation, publication, and distribution of books and periodicals."

What books? What periodicals? Who chooses the good books and rejects the bad?

Who decides what would be dangerous thoughts in any book distributed abroad?

Do we weed out pro-Communist books, or do we weed out books which stress liberty, private enterprise, decentralization of power and government under law?

Who picks the fortunate writers, and why?

Mr. President, if this is not censorship by smiles instead of frowns, what is it?

I can understand why the Soviet Government wants to pick and choose the books she sends to foreign libraries. But why should we imitate her?

According to the Senate report on S. 3420, page 6, another portion of these counterpart funds is spent for "procurement of military services." Does that mean we are paying the salaries of foreign armies?

Another curious item is the reference to "cash transfers to the armed services or to schools to supplement the diets of the services and of schoolchildren." Are we providing insufficient food allowances for our fighting men, and supplementing them by this circuitous route? Or are we providing additional rations for the armies of foreign countries?

Does this, too, include Poland and Yugoslavia?

Mr. President, I think we should take a second look at the types of programs which were authorized when we passed Public Law 480. Many things have changed even in this country.

Mr. President, there are 8 types of programs listed in the law. One refers to agriculture, and another refers to private trade. That is what is involved in Public Law 480. What are the others? The others are:

(c) To procure military equipment \* \* \* among nations.

(d) For financing the purchase of goods and services for other friendly countries.

(e) For promoting balanced economic development \* \* \* among nations.

(f) To pay for United States obligations abroad.

(g) For loans \* \* \* made through established banking facilities of the friendly nation from which the foreign currency was obtained, or in any other manner which the President may deem appropriate. \* \* \*

(h) For the financing of international educational exchange activities.

Is this farm aid or international foreign policy?

Section 2, describing the policy of the act, says in conclusion:

It is further the policy to use foreign currencies which accrue to the United States under this act to \* \* \* encourage economic development, \* \* \* to promote collective strength, and to foster in other ways, the foreign policy of the United States.

We have spent nearly \$4 billion on this hybrid foreign-aid program.



Now we are asked to authorize higher levels of spending for the rest of this year and for fiscal 1959, and fiscal 1960, which will add \$3.5 billion to our Treasury obligations. There is not a man living today who knows what shape our Treasury is going to be in 6 months from now, let alone in 1960.

With the \$2 billion to be added to the borrowing power of the Export-Import Bank, this is a total of \$5.5 billions for foreign economic operations that the Senate is to consider this week—today and tomorrow.

We are adding more new obligations than Congress recently added to the borrowing power of the Treasury.

Is this responsible or irresponsible spending?

Mr. President, there will be a yeand-nay vote on the bill. I hope someone can answer some of the doubts I have raised in these remarks before I vote.

#### ALLEGED LACK OF COOPERATION BY DEMOCRATS IN CONGRESS ON LONGSTANDING PROPOSALS BY THE PRESIDENT

Mr. PROXMIRE. Mr. President, in this morning's Washington Post there was published an article which reported on a speech which was delivered recently—I presume yesterday—by the chairman of the Republican Party, Mr. Meade Alcorn.

Mr. Alcorn decided to attack the Democratic Party in an unusual way. He accused the Democrats in Congress of dragging their feet on longstanding proposals by President Eisenhower.

I wish to take this opportunity, because I am in a peculiar position to refute this charge by Mr. Alcorn, to make a correction, and to set Mr. Alcorn straight on this subject.

Mr. Alcorn is quoted as saying that some of the pending proposals are: a request for authority for \$3 billion a year for additional insurance of FHA mortgages; a \$2 billion program for modernization of post office buildings and equipment; and a \$2 billion increase in the lending authority of the Export-Import Bank.

I am a member of the Committee on Banking and Currency. I am also a member of the Committee on Post Office and Civil Service. It so happens that those committees deal directly with all three of the bills mentioned by Mr. Alcorn.

Let us consider first the Post Office charge. Let us get the facts as to whether or not the Congress has been dragging its feet.

The Postmaster General presented this program on Wednesday, February 12, for the first time. On February 18, a Tuesday, the Postmaster General appeared before the committee in a wind-up session. On February 19, the subcommittee met and reported to the full committee which met on the 20th and reported the recommendation to the Senate. The Senate started debating the proposal on the following Tuesday and approved it on Friday—just exactly

9 days after the administration finished presenting it to the Congress.

In fairness to the House of Representatives which has not yet acted on the proposal—I will say the administration has not yet appeared before that august body to explain its request.

That was the subject which was referred to the Committee on Post Office and Civil Service.

The two administration bills which were referred to the Committee on Banking and Currency were handled as follows:

The administration request for additional FHA insurance authorization of \$3 billion per year for the next 5 fiscal years is a routine, business-as-usual recommendation. There is nothing startling or unusual about this request. The FHA insures private mortgage loans and it is a profitable activity for the Federal Government. The Congress raises this authorization, as required from time to time, with no fuss or fanfare, and with no partisan disagreement. It is possible that the delegates to the Republican women's conference were taken in by this phony claim of vigorous action, but I am sure that the minority leaders of the Senate and the House must have chuckled silently when the President urged them to act promptly on this request. What makes the situation more laughable is that the proposal was not sent to the Congress until March 4, and probably would not be here yet if the Democratic leadership of the Senate had not acted so swiftly on truly emergency legislation in the housing field—in spite of determined opposition from the administration.

I may say in that connection that the emergency housing bill was acted on by the committee, was reported to the Senate, and was passed unanimously by the Senate, an action which has been commented on very favorably by the press. If not unprecedented, it is a splendid example of prompt action to put people to work.

The third proposal discussed by Mr. Alcorn shows a tragic ignorance of national events. For Mr. Alcorn's information, the proposed increase in lending authority for the Export-Import Bank was handled about as swiftly in the Senate as anyone familiar with the legislative process could possibly hope for. Hearings were held and the bill was reported to the Senate within 8 days after it was introduced. The bill passed the Senate on March 3, and would be out of our hands, except for the fact that a member of the President's party has moved to reconsider the action of the Senate in passing the bill. This motion for reconsideration is scheduled for consideration in the Senate this week, and Democratic members would appreciate the help of the President and Mr. Alcorn in defeating or tabling this motion.

I have spoken at some length on this subject because I am disturbed and disappointed at the lethargy and deception, so apparent in the administration's attitude toward the present recession. It is understandable that a Republican

President would assure us that prosperity is just around the corner; but it is distressing that such an attitude should be concealed by spurious claims of concern and action. I urge the administration to admit that the economy is weakening and to cooperate with the Congress in serious measures to stimulate quick recovery.

As one of the very newest Members of this body, I feel a great deal of pride in the promptness with which the Senate has acted during this session. I think it is remarkable. I think it is a fine thing that the press has compared the action of the House and Senate to date in this session with the action of the Congress in the stirring first 100 days under Franklin D. Roosevelt.

I think it is most unfortunate that our good friends in the Republican Party have decided to criticize the Democratic Party for inaction at a time when, above all, the Democratic Party in the Senate and the House has shown the Nation a marvelous example of how to act promptly to put people to work, and to solve problems which need solution.

#### ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, March 18, 1958, he presented to the President of the United States the enrolled bill (S. 2042) to authorize the conveyance of a fee simple title to certain lands in the Territory of Alaska underlying war housing project Alaska-50083, and for other purposes.

#### RECESS

Mr. PROXMIRE. Mr. President, if there is no further business to come before the Senate, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 40 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, March 19, 1958, at 12 o'clock meridian.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate March 18 (legislative day, March 17), 1958.

##### COLLECTORS OF CUSTOMS

John G. Kissane, of Vermont, to be collector of customs for customs collection district No. 2, with headquarters at St. Albans, Vt.

Anne A. Mitchell, of Connecticut, to be collector of customs for customs collection district No. 6, with headquarters at Bridgeport, Conn.

Harold R. Becker, of New York, to be collector of customs for customs collection district No. 9, with headquarters at Buffalo, N. Y.

Josiah A. Maulsby, Sr., of North Carolina, to be collector of customs for customs collection district No. 15, with headquarters at Wilmington, N. C.

Jessie Dixon Saylor, of Georgia, to be collector of customs for customs collection district No. 17, with headquarters at Savannah, Ga.



Calendar No. 1378

85TH CONGRESS  
2D SESSION

**S. 3420**

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IN THE SENATE OF THE UNITED STATES

MARCH 18 (legislative day, MARCH 17), 1958

Referred to the Committee on Agriculture and Forestry and ordered to be  
printed

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**AMENDMENTS**

Intended to be proposed by Mr. MARTIN of Iowa to the bill  
(S. 3420) to extend and amend the Agricultural Trade  
Development and Assistance Act of 1954, viz:

1       On page 4, in line 18, after the word "amended", insert  
2       “(1)”.

3       On page 4, line 19, before the period, insert a semicolon  
4       and the following “and (2) by inserting before the period  
5       at the end thereof a semicolon and the following: ‘but no  
6       strategic or critical material shall be acquired by the Com-  
7       modity Credit Corporation as a result of such barter or ex-  
8       change except for such national stockpile, for such supple-  
9       mental stockpile, for foreign economic or military aid or  
10      assistance programs, or for offshore construction programs.’ ”

- 1 On page 4, between lines 22 and 23, insert the following:
- 2 “(c) The last sentence of section 104 (b) of the Agri-
- 3 cultural Trade Development and Assistance Act of 1954 is
- 4 amended by striking out ‘materials so acquired’, and insert-
- 5 ing ‘Strategic or critical materials’.”

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# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued March 20, 1958  
For actions of March 19, 1958  
85th-2d, No. 44

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HIGHLIGHTS: Senate debated bill to extend Public Law 480. House passed housing bill. House agreed to resolution to accelerate public works programs. Rep. Philbin commended watershed control program. Sen. Proxmire and others introduced and Sen. Proxmire discussed bill to establish National Food Allotment Program. Sens. Kerr and Monroney introduced and Sen. Kerr discussed bill to extend loan authorizations for flood control and watershed protection.

## HOUSE

1. PRICE SUPPORTS; ACREAGE ALLOTMENTS. The Rules Committee reported without amendment H. Res. 505, to provide for consideration of S. J. Res. 162, to prohibit reductions in price supports or acreage allotments below 1957 levels (H. Rept. 1534). p. 4293
2. HOUSING. On a motion to suspend the rules, passed without amendment S. 3418, the housing bill, which contains various changes in the VA direct loan program, including a definition of direct-loan areas as rural areas and small cities and towns not near large metropolitan areas (pp. 4236-42). This bill will now be sent to the President.
3. CORN. House and Senate conferees were appointed on H.R. 10843, to permit soil bank payments to certain corn producers in the commercial area who exceed their corn acreage allotments. pp. 4221, 4262
4. PUBLIC WORKS. Agreed to without amendment, by a vote of 377 to 16, S. Con. Res. 68, expressing the sense of Congress in favor of accelerating civil construction programs for which appropriations have been made. pp. 4248-55



5. FORESTRY. Rejected (256 to 139 not being two-thirds) a motion to suspend the rules to consider S. 3262, to authorize Federal grants to construct Olympic facilities for the 1960 winter games on Forest Service land. pp. 4256-61
6. RECLAMATION. Agreed to a Senate amendment to S. 2120, to authorize the Secretary of the Interior to construct and maintain the Mercedes division of the lower Rio Grande rehabilitation project, Tex. This bill will now be sent to the President. p. 4263
7. WATERSHEDS. Rep. Philbin commended the Watershed Control and Flood Prevention Act, discussed its operation in Mass. flood control, and urged consideration for the new \$29 million budget request. pp. 4265-8
8. EMPLOYMENT; ECONOMIC SITUATION. Several Reps. discussed the economic situation and the plans proposed to halt recessions. pp. 4246-7, 4263-5, 4284-5
9. TRADE AGREEMENTS. Reps. Davis, Ga., Jarman, Patterson, Burleson, Withrow, Mack, Wash., Van Zandt, Westland, Lane, Saylor, Taber, Moore, Staggers, Rogers, ~~Kirch~~, Thomson, Gross, Bailey, Henderson, Van Pelt, and McMillan discussed H. R. 11643 and other bills to amend the Reciprocal Trade Agreements Act to restrict Presidential control over Tariff Commission decisions and extend the peril point and escape clause authority to perishable agricultural commodities and certain national security items. pp. 4268-84

SENATE

10. SURPLUS COMMODITIES; FOREIGN TRADE. Continued debate on S. 3420, to extend Public Law 480. (pp. 4201, 4202-6, 4207-20, 4221-33) No amendments were voted upon. Still pending is the amendment by Sen. Aiken to strike out sections 5 and 6 of the bill.
11. FARM PRICES. Sen. Humphrey inserted a resolution endorsed by several farmers' union locals urging Congress "to oppose the recommendations for still lower farm price support levels," and recommended steps to "restore farm prices to a higher level." p. 4176  
Sen. Symington took issue with the President's statement opposing a freeze on price supports and acreage allotments, and stated that "in making this statement, the President not only takes direct issue with a majority of the Senate, but also with a majority of the members of the Senate Agriculture Committee, including the three ranking Republican members." pp. 4182-3
12. MEAT PACKERS. Sen. O'Mahoney spoke in favor of legislation to "make the Federal Trade Commission, rather than the Department of Agriculture, the agency having jurisdiction to prosecute antitrust and monopolistic practices in the meat-packing business." p. 4215
13. SURPLUS FOOD. Sen. Clark spoke in favor of legislation to provide for greater distribution of surplus food to the needy, and inserted a resolution from the City Council of Philadelphia favoring such legislation. pp. 4181-2  
Sen. Aiken stated that he had been advised by the Secretary that "as soon as it can be packaged and prepared for distribution, butter owned by the Commodity Credit Corporation will be made available for welfare work in the States." p. 4185
14. ECONOMIC SITUATION. Sens. Humphrey and O'Mahoney discussed the current economic situation. pp. 4189-94



his 5-year sentence and permit him to withdraw his plea of guilty. Big Bill claimed that (a) despite his plea, he was not guilty, and (b) because of the friendship existing between Judge Baker and himself and because of a conference between Judge Baker, the United States District Attorney, C. Lee Spillers, and his own attorney, Carl B. Galbraith, he had pleaded guilty since he was led to believe he would not be jailed but "would receive a substantial fine and suspended sentence and be placed on parole."

Denying there had been any deal Judge Baker said he had told Galbraith that "Lias had been before me five times and I had sent him to prison twice and I wasn't going to put that kind of a man on probation." Spillers also vehemently rejected Lias' contention of a deal.

In support of his motion, Big Bill offered these sworn statements:

"That for a long period of time immediately preceding the entry of the aforementioned plea . . . he and the Honorable William E. Baker . . . were friendly . . . that the . . . judge had been a guest at several of the business enterprises operated by Lias and was well aware of the activities involved in such enterprises . . . (that the judge had visited Lias' office, that Lias had sent him several season passes to his race track, Wheeling Downs—which were returned—that the judge had been Lias' guest at Zellers Steak House.)"

Big Bill's gamble to escape the penitentiary paid off. Judge Baker vacated his sentence, and allowed him to withdraw his guilty plea. In a later trial, Lias was acquitted.

In cracking the case, Senator WILLIAMS pointed out that the acquittal of Lias on criminal charges had not ended his civil liability for his \$2,230,744.82 income tax due; and that for nearly 3 years the Internal Revenue Service had done little to collect it. He further charged that 8 days before his trial, Lias had made gifts of nearly half a million dollars in property and securities to his brother and brothers-in-law; and, by excessive payments in salaries and dividends to relatives further drained off his assets.

The IRS, slow to move against Lias, now became tough; and Big Bill, suddenly losing hope of quickly settling his tax troubles, telephoned Senator WILLIAMS, insisting on seeing him at once in WILLIAMS' private office in the Senate Office Building.

But, on March 13, 1952, when he arrived for his private session with the Senator, he found himself in an executive session of a subcommittee of the Senate Committee on Finance. He was not very convincing as he sat overflowing onto two chairs.

Invited to "tell your own story in your own way," Lias claimed, according to Senator WILLIAMS, that Members of Congress at various times intervened for him in income-tax matters; confessed he hadn't filed at all until 1934 and admitted he had about \$100,000 in cash at a time when he told the Government he could not meet a \$500 income-tax payment.

Senator WILLIAMS also questioned Lias briefly about another of his scrapes with the law—one that failed to become a nationwide scandal only because of the direct intervention of influential politicians.

"During rationing, right after World War II, when critical materials were scarce and millions of veterans couldn't find homes, Lias built Wheeling Downs racetrack; the OPA investigated him and recommended prosecution," WILLIAMS said.

"I was told that when the file was sent to the district attorney in Wheeling, it was bounced back with the notation 'the District Attorney flatly refuses to prosecute.' I tried to get a copy of the file but, instead, received a letter from Eric Johnston, administrator of the agency, stating that because of . . . an historic public policy recognized generally

and in the courts that Government files should be kept confidential except in limited circumstances, such as by direction of the President, etc. . . . It is my duty . . . not to release this file."

Big Bill disclaimed personal knowledge of the OPA affair.

Spurred on by Senator WILLIAMS, Government receivers took over Lias' property, including Wheeling Downs. In United States tax-court proceedings, deficiencies were sustained against Lias personally for \$2,487,548.87, against his slot-machine company, Automatic Cigarette Sales Co., Inc., for \$176,466.42 and against his plush gambling spot, Zellers Steak House, Inc., for \$37,543.53. Lias' deficiency included a 50-percent penalty for fraud. The United States Court of Appeals affirmed the decision, and the United States Supreme Court refused to review it, slamming shut the door on Big Bill's last hope on April 22, 1957.

How did Uncle Sam finally make out in the tangled Lias affair? Not too badly, thanks to Sen. WILLIAMS and a new crop of Revenue officials. All Lias' assets, including the race track, have been sold, and approximately \$1,788,139 in back taxes collected. That's still almost \$1 million short, of course. But any new Lias assets which can be found will be seized.

Meanwhile, the Government's long-delayed suit against Lias as an undesirable alien is being pressed. Should judgment go against him, he may yet be deported to Greece, where the United States Government claims he was born.

#### CLARIFICATION OF NAVIGATION RULES FOR THE GREAT LAKES

Mr. MAGNUSON. Mr. President, last Monday, on the call of the calendar, the Senate passed S. 1976, which clarifies the application of navigation rules for the Great Lakes and their connecting and tributary waters.

Concurrent with the Senate action, the House passed an identical measure, H. R. 7226. That bill is now at the desk.

Under the circumstances, I ask unanimous consent that the Senate reconsider the vote by which S. 1976 was passed; that H. R. 7226 be laid before the Senate for passage in lieu of the Senate bill; and that S. 1976 be indefinitely postponed.

Mr. JAVITS. Mr. President, reserving the right to object, will the Senator from Washington inform us whether this matter has been cleared with the minority leadership?

Mr. MAGNUSON. It has not been cleared. I am merely suggesting action on the House bill to clarify the matter. An identical bill was passed by the Senate. I did not know that it would be necessary to clear the request with Senators. Senate bill 1976 was passed unanimously by the Senate, and at the same time the House passed an identical bill. I simply wish to clarify the situation by having the vote by which the Senate bill was passed reconsidered, and to have the House bill passed. The House bill contains language identical with that of the Senate bill.

I can wait, if the Senator wishes, but the matter is quite important to navigation on the Great Lakes.

Mr. JAVITS. The Senator may proceed. I withdraw my reservation.

The PRESIDING OFFICER (Mr. COTTON in the chair). Without objec-

tion, the vote by which Senate bill S. 1976 was passed is reconsidered.

The PRESIDING OFFICER laid before the Senate the bill (H. R. 7226) to clarify the application of navigation rules for the Great Lakes and their connecting and tributary waters, and for other purposes, which was read twice by its title.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Is there objection to the request of the Senator from Washington?

There being no objection, the bill (H. R. 7226) was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 1976 is indefinitely postponed.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded; and the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. AIKEN] for himself and the Senator from Iowa [Mr. MARTIN], to strike out sections 5 and 6.

Mr. ELLENDER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### READJUSTMENT OF POSTAL RATES

Mr. HUMPHREY obtained the floor.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield to me on another matter?

Mr. HUMPHREY. I shall be glad to yield to the Senator, providing I do not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON of South Carolina. Mr. President, I ask the Presiding Officer to lay before the Senate the message setting forth the action of the House of Representatives on the amendments of the Senate to the postal rate bill.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 5936) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.



Mr. JOHNSTON of South Carolina. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

Mr. KNOWLAND. Mr. President, I wonder whether the distinguished Senator from South Carolina would postpone his request for a few moments. I should like to consult the ranking minority member of the Committee on Post Office and Civil Service. I understood the matter was not to be brought up at this time.

Mr. JOHNSTON of South Carolina. I withheld my motion yesterday. I understood it would not be brought up then. I have discussed the matter with the Senator from Kansas [Mr. CARLSON]. I told him what I was going to do.

Mr. KNOWLAND. As a matter of courtesy I should like to have the opportunity to discuss the matter with him before conferees are appointed.

Mr. JOHNSTON of South Carolina. Very well.

The PRESIDING OFFICER. The message will be temporarily laid aside. The Senator from Minnesota has the floor.

Mr. JOHNSON of Texas subsequently said: Mr. President, will the Senator from Minnesota [Mr. HUMPHREY] yield to me briefly so that conferees may be appointed on the postal-rate bill? I must leave the Chamber, and the Senator from South Carolina [Mr. JOHNSTON] would like to move that conferees be appointed.

Mr. JOHNSTON of South Carolina. Mr. President, I have already moved that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate. I renew my motion.

The motion was agreed to; and the Presiding Officer (Mr. LAUSCHE in the chair) appointed Mr. JOHNSTON of South Carolina, Mr. MONRONEY, and Mr. CARLSON conferees on the part of the Senate.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Mr. HUMPHREY. Mr. President, I wish to direct my attention for a few moments to the full context of S. 3420, to extend and amend the Agricultural Trade Development and Assistance Act of 1954. I also wish to comment upon some of the observations which have been made relating to the bill and the amendments included therein—observations made by my colleagues in the Senate and observations made by the Department of Agriculture in its letter of March 11, signed by Mr. Benson, which letter was referred to in yesterday's debate.

Consistent with our desire to utilize more of our agricultural surpluses, and at the same time spread the benefits of the program to our own country as well as to foreign nations, we found it

necessary to reexamine and restudy certain portions of the law relating to the so-called barter program.

Mr. President, the committee report gives a section-by-section analysis. As I gather, the main area of discussion in the Senate is over the barter provisions. I believe it is pretty well agreed that the other provisions are acceptable and desirable.

There are those who wonder why we should ask for a 2-year extension of the Act. The answer is that the farm organizations which have testified in behalf of the program every year have indicated the desirability of having at least a 2-year authorization, in order to give the Department of Agriculture the flexibility which is needed to enable it properly to administer the law. Many times agreements are in the process of being entered into but are not completed at the end of a fiscal year merely because the authorization was not a continuing one. Then after Congress has again authorized the program on a year-to-year basis, the negotiations are picked up again and started anew, thereby requiring a considerable loss of time and, at the same time, a loss of markets.

Section 1 provides the authorization on a fiscal year basis of \$1,500 million, a year. That is at the rate the administration is asking for. There is no reason to believe that the program will not be needed for at least another year beyond the present fiscal year. As a matter of fact, it is my belief that Public Law 480 will become a definite part of our overall foreign economic policy and our overall agricultural policy for several years to come. I am convinced in my own mind that, no matter what efforts are made to bring production into balance with demand, such efforts will not be fully successful. Therefore, we will need a constructive outlet for the abundance of our food and fiber.

Very frankly, Mr. President, Public Law 480 is the most constructive agricultural legislation of recent years. It is more than agricultural legislation. It is the beginning of a sound foreign economic policy. It is a vital part of our national security. It represents a new tool in our foreign policy, a new application of the resources of our country to the constructive ends of peace, security, and progress throughout the world.

We propose to amend the law so as to make available some of the foreign currencies generated to provide assistance in the "expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies."

Stated in layman's language, the amendment simply provides that when American food is sold to a friendly nation, that part of the proceeds obtained by our Government from the sale of the food may, by agreement, be designated

for educational purposes. For example, some of the great American universities overseas, such as Roberts College, in Turkey, the American University in Beirut, Lebanon, the American University in Cairo, and many other overseas institutions, are desperately in need of additional economic assistance. Since they are located in foreign countries, they can utilize foreign currency.

In countries where sales of American surplus agricultural commodities are made, and foreign currency thereby obtained, we will make available, under the terms of the amendment, a portion of that money to American educational establishments.

In 1953 President Eisenhower suggested in a speech at Baylor University, Waco, Tex., that the United States engage in a program of vocational education and aid to technical schools throughout the world, especially in the underdeveloped areas and among the underprivileged peoples. That was an excellent speech. I checked the CONGRESSIONAL RECORD and found that it was heralded in the Senate. The President received praise for his worthy motives. The only thing is that nothing was ever done about it. This amendment makes it possible to do something about it.

In other words, American wheat can be converted into education; American cotton can be converted into vocational education and technical aid for countries with which the United States has alliances, treaties, mutual-security arrangements, or mutual-assistance pacts, or wherever we believe it would be desirable or helpful to our national defense and foreign policy. I am convinced that the provisions in the bill for the expansion of educational establishments by the use of Public Law 480 funds are highly desirable.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a telegram I received yesterday from the National Farmers Union, endorsing the extension of Public Law 480 and S. 3420, which is now before the Senate.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., March 18, 1958.  
Hon. HUBERT H. HUMPHREY,  
Senate Office Building,  
Washington, D. C.:

Over 600 delegates meeting now at National Farmers Union Convention in Denver, unanimously urge your support of Public Law 480 extension, as reported by Senate Agricultural Committee.

JAMES G. PATTON,  
President, National Farmers Union.

Mr. HUMPHREY. Mr. President, I shall confine the remainder of my remarks to section 303 of the bill, even though I must say that title I and title II of the bill, the parts which relate to the sales of our surplus commodities for foreign currencies and contributions for famine relief, are undoubtedly the most significant portions of the bill or of the program under Public Law 480.

I also, in particular commend the voluntary agencies of the Nation, both sectarian and nonsectarian, for the wonderful work they have done in sending American food and fiber to needy peoples



throughout the world under their programs of charity and philanthropy. Make no mistake about it, the food programs of the Nation, particularly the programs which are conducted by the great voluntary and religious groups of all denominations and faiths, are doing more to build good will for the United States than is any other single thing our Government does overseas.

Furthermore, those programs comport with the spirit of our country—the spirit of generosity, compassion, and humanitarianism.

So I pay tribute to the great work of the voluntary organizations of church groups of the Catholic, Protestant, and Jewish faiths, and other groups like CARE, because they have extended the hand of mercy and helpfulness by the use of American surplus foods in their programs of relief and charity overseas. A little more of this kind of policy on the part of our country, such as the work accomplished through the voluntary groups, and there will be much less tension and a much greater hope for peace throughout the world.

I take the time of the Senate to mention this because I am convinced that far too few people in America really know what a blessing it is to have an abundance of food and fiber. The abundance which is referred to as surplus is one of our truly great material and spiritual assets. I often think what a terrible thing it would be if our Nation was not in a position, because of its abundance, to help those who really need help. I wonder how the American people would feel if we had programs forced upon us by some of the tough-minded economists and economizers, who have talked about bringing production into balance with domestic demand, if such a situation had happened when literally thousands and thousands of our friends were starving to death, and we were choking off food production in America simply to satisfy an economic theory.

The use of all surplus foods and fibers has been a positive asset for peace. In the years to come, we should plan to have extra food and fiber for our foreign policy needs, for our national security needs, and for the humanitarian needs of the people of not only America, but of the world.

I hope that some day Congress will stop talking about having an agricultural policy which will only be one of strictly supply and demand. Nothing could be more cruel, nothing could be more ruthless, nothing could be more un-Christian, nothing could be more un-American. What is really needed is sufficient food and fiber to meet our domestic needs, and, at the same time, to extend the warm hand of compassion to people who need help. This our country can afford to do.

When I have heard what the cost will be, as it relates to Public Law 480, the cost is immaterial. As a matter of fact, the cost is insignificant as compared with the cost which is now being incurred by Congress in many areas of activity. I think of the utter futility of the arms race, which no one can want, an arms race into which we are about

to pour billions of dollars, because we are not smart enough to know what else to do, because of the ruthlessness of Soviet tyranny. Such an arms race cannot lead to peace, but ultimately will lead to catastrophe, unless something is done about it. When I think of the futility of that arms race and its cost, I am amazed to hear anyone comment, even momentarily, on the cost of our program in regard to surplus food and fiber. As a matter of fact, the cost of the failures in the attempts to launch missiles has been as great as the cost of the donation programs for all our church organizations all over the world. What is more, under Title I of the bill we shall be able to sell a great deal of food and fiber in other countries. Under Title I, we shall obtain currencies—not dollars—of the recipient countries.

I have heard some say that the currencies of some countries are not worth very much. I submit that is a very unfair reflection upon some of our allies. I wish to say now that the currency of Greece is worth something; it is worth the integrity of Greece. And Greece is a faithful ally of our country. It ill behooves any Member of Congress or anyone else to say that the currencies of some of these countries which are our allies, lack worth or value. But upon occasion I have heard some reflection upon the currency of countries such as Turkey. However, Mr. President, I say that Turkey, with her 32 divisions, is worth all the food the United States of America can give her, and then some—currency or no currency.

There happen to be more than five million men in the ground forces of our allies who are joined with us in mutual security. If those five million men were not there, we would have to have five million additional men in the Armed Forces of the United States, because the ultimate target of Soviet aggression is the United States of America.

So, Mr. President, whatever we have to pay or whatever we may have to do in order to be assured of the friendship, the loyalty, and the allegiance of peoples elsewhere, is all to our benefit.

Mr. President, I mention these things simply because some Members will discuss certain portions of the bill and will attempt to make it appear that there is something drastically wrong. They will literally discuss a detail when, in fact, what we are discussing and what we should be thinking about is the grand design, the total, overall operation of a foreign economic policy, of which food and fiber are integral parts.

Mr. LONG. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. HUMPHREY. I yield.

Mr. LONG. Is it not possible to make these arrangements so that the loans will be paid off in dollar equivalents? In other words, if the foreign country were to inflate its currency, it would then make a larger monthly payment to the United States, in order to offset or pro-

vide for the difference in the exchange of currencies.

Mr. HUMPHREY. We do that under Public Law 480 agreements. In the agreements we include a cushion for the inflationary factor.

Mr. LONG. In that way we could protect ourselves, as regards repayment of the loans.

Would not it be possible for our country to spend some of those soft currencies for the purchase in those countries of various commodities and thereby tend to maintain their value?

Mr. HUMPHREY. Yes, indeed. In fact, I have repeatedly recommended to the executive branches of the Government that, where possible, we immediately utilize the currencies obtained from the sale of American surplus commodities for the purchase of materials, which may be needed for our purposes, in other parts of the world, particularly in the countries where the sales have been made.

Mr. LONG. Yes.

Mr. President, will the Senator from Minnesota yield for a further question?

Mr. HUMPHREY. I yield.

Mr. LONG. Does not our military-assistance program have the effect of helping the American manufacturer or producer make a profit, when our Government places with him an order to build a tank, for instance, because as a result of producing that commodity he receives some benefit and profit from the foreign-aid program?

On the other hand, is it not also possible that a farmer could be helped simply by the sale of some of our agricultural commodities? As a result, the United States could use the soft currency obtained by selling such agricultural commodities to pay the foreign country to produce a commodity which could be produced there, and in that way the farmer would be helped by the program.

Mr. HUMPHREY. Yes. As a matter of fact, the barter provisions of the bill make that possible.

Mr. LONG. Yes. So, while it is a good idea to help our industrial producers, it is also a good idea, in connection with the program, to give help to the American farmer.

Mr. HUMPHREY. Yes. I thank the Senator from Louisiana for his timely observation.

Mr. President, the argument on the bill seems to center around section 303, which provides for a revision of the barter section of Public Law 480.

The barter provisions of the bill, however, constitute only a small part of the total. The barter provisions are revised in the pending bill, simply because in recent months the Department of Agriculture refused to utilize the barter tool or the barter authority which was granted under Public Law 480, and which had been used for 2½ years. Suddenly the Department of Agriculture ended its use.

Yesterday, I stated candidly, frankly, and honestly that we had requested the Department of Agriculture to suggest language which would be helpful in giving guidance to the Secretary, to facilitate the proper use of



rangements. The response to that request from me is set forth in the first paragraph of the letter received on March 11 from the Secretary of Agriculture. The response is in the negative. I now read that part of the letter, which is addressed to the Senator from Louisiana [Mr. ELLENDER].

We have been requested by Senator HUMPHREY to give consideration to, and to report to your committee on, possible language changes in the proposed amendment to title III of Public Law 480, 83d Congress, which would make it more acceptable from our standpoint. This legislation would direct the Secretary of Agriculture to barter up to \$500 million worth of agricultural commodities per year for materials under certain conditions. We are, however, unable to formulate any changes, short of the virtual nullification of the proposed change, which would eliminate our objections. The Department of Agriculture wishes to go on record as being vigorously opposed to its enactment into law.

It is on that statement of opposition that considerable debate has already taken place in the Senate.

I should like to direct my attention, for a few moments, to the reason why I believe the opposition of the Department is unwarranted and cannot properly be validated or substantiated by the Department's arguments.

As I stated earlier, the method by which the Secretary of Agriculture—let me say that here I refer to the Secretary only because he is the head official of the Department of Agriculture; actually, the one primarily involved is the head of the Commodity Credit Corporation—has killed the program has been one of interpreting certain language in existing law which permitted the Secretary of Agriculture to barter when he determined that such transactions afforded an opportunity to protect the funds and assets of the Commodity Credit Corporation. Based upon my study, and the studies which were made during the hearings, we have come to the conclusion, and therefore in this section are making the determination, that barter does protect the funds and the assets of the Commodity Credit Corporation.

The evidence on this point, which incidentally was furnished to us by the Department of Agriculture, cannot be legitimately contested. However, operating under their own interpretation of the present law, which interpretation, incidentally, was made more than 2 years before they started operating a sizable program, the Department of Agriculture established a requirement that before materials could be accepted in exchange for surplus agricultural commodities, the offerer either had to assure the Commodity Credit Corporation that the commodities going into a particular country were in addition to the normal cash sales, or sell them in certain specified countries where no certificate of additionality was required.

It is a matter of record, furnished, incidentally, by the Department of Agriculture, that from the time this requirement was established, which was May 28, 1957, until the end of October, or November 1, 1957, only one barter contract was made, for a total of \$400,000.

That was in sharp contrast to the preceding months in 1957, when approximately \$20 million worth of contracts were being made each month. In fact, the Department of Agriculture's figures for 1956 indicate that they contracted for \$423 million worth of materials under barter arrangements.

I wish my colleagues to note that this so-called certificate of additionality has been predicated upon certain language in the present law. A certificate of additionality is not required by law. It is an interpretation of existing law carried out by administrative regulation.

I also want my colleagues to know that for more than 2 years no such certificate was required, and that even when barter arrangements were made, at the rate of about \$200 million a year, the Secretary of Agriculture never required any such certificate. What is more, during that time the Secretary had an arrangement which permitted the offerer of the barter to have the use of the proceeds from the sale of Commodity Credit Corporation goods, with no interest charged, which, of course, gave the offerer of the barter arrangement a considerable economic advantage.

All at once, on May 28, 1957, with little or no information given to anyone—and surely, to my knowledge, no information given to the Congress—despite 2½ years of experience under the present law, and with nothing in the testimony before any committee of Congress indicating anything wrong with the present law, the Department closed off barter, shut off the spigot, stopped the entire business, under the guise of new rules and regulations which they claimed were suddenly necessary.

Mr. President, one of two conclusions seems inevitable. Either for 2½ years the Department was guilty of gross mismanagement, or the ruling of May 28, 1957, was unwarranted. One or the other alternatives must be accepted. They cannot have it both ways, because if for 2½ years they did not need the ruling of May 28, if for 2½ years they did not need a certificate of additionality, if for more than 2½ years, during which almost \$1 billion worth of agricultural goods were bartered, the administrative action of May 28 was not needed, then apparently there was no reason why the action of May 28 was needed at all. Or, if it was needed, it was needed earlier, because the high rate of barter was in 1956. That was the year when most of the goods were bartered. I should like to know where the representatives of the Department of Agriculture were when there was bartering left and right, when parties were bartering on a very limited list of materials, most of which were diamonds. Were they asleep at the switch, Mr. President? Is this what we ought to be looking into? Should the Congress thoroughly investigate this matter and determine really what went on, because for more than 2½ years the Department of Agriculture did not require in its rules and regulations the language which was made effective on May 28, 1957?

Mr. ELLENDER. Mr. President, will the Senator yield at that point?

Mr. HUMPHREY. I yield.

Mr. ELLENDER. Is it not a fact that the committee adopted the provision suggested by the distinguished Senator from Minnesota because the rules and regulations of May 28, 1957, actually killed off barter?

Mr. HUMPHREY. That is correct.

Mr. ELLENDER. I understand the distinguished Senator proposes to offer an amendment in a little while which would make some changes in the language dealing with the materials which may be bartered for. It would still expand the list of such materials over what we have now.

Mr. HUMPHREY. Yes.

Mr. ELLENDER. Otherwise the law would be administered just as the Secretary of Agriculture administered it prior to May 28, 1957.

Mr. HUMPHREY. Yes. I have said quite candidly that I do not contend the amendment is perfect, but the whole purpose of it is to have the barter program resumed, as it is needed.

I want my position perfectly clear. I personally believe the best program in most instances is sale for foreign currency, under title I. It is the one I have supported vigorously. However, I also note that even in the Commodity Credit Corporation charter the Department of Agriculture is authorized and directed to barter in order to protect the assets of the Commodity Credit Corporation. Furthermore, it is directed to barter for strategic and critical materials which go into the national stockpile or into the supplemental stockpile.

In fact, in the Agricultural Act of 1956 we amended the barter provisions so as to include more than strategic materials, and specified strategic and other materials, which is exactly what the language of section 303 requires, using the word "materials" only. Later I intend to offer a clarifying amendment to change the language to "strategic and other materials," so the language will be in coordination with and fall into the pattern of the Agricultural Act of 1956, which provides for stockpiling of strategic and other materials. That is what we are talking about in section 303. If there is any doubt about the language, I think we ought to change it. It is my intention to do it, under the procedures permitted in amending the bill.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Vermont.

Mr. AIKEN. Would the Senator still be for his barter provisions if he knew that the result would be the disruption of foreign markets for American commodities and the offering of American commodities at from 4 to 10 percent below the prevailing price? Would the Senator still be in favor of it, if he knew that? I am not saying it is so; I am simply asking the Senator if he would be in favor of it if he knew it meant a reduction of 4 to 10 percent in the market price of American grains, oils, or anything else sent to Western Europe?

Mr. HUMPHREY. I wish to say to my friend from Vermont, first, I do not wish to see foreign markets disrupted,



but neither do I want to see American agricultural markets left static.

I shall now refer to the point raised by the Senator. First of all, a company which seeks to barter surplus agricultural commodities must pay the Commodity Credit Corporation the price of such commodities. The company must pay the price which the Commodity Credit Corporation asks.

If such a barterer, after having paid the price which the Government has asked, and which the Government has determined is a fair price, is able to make a sale, I see no reason why we should object. It is perfectly true that if American exporters are to make sales, they will have to do 1 of 2 things: Either they must give a better product or they must give a better price. How else can a sale be brought about?

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. As I understand the Senator from Minnesota, he is saying that he has no objection to the barterer going into foreign markets if he is smart enough to do it, and taking a 4- to 10-percent advantage over other American businessmen, thus cutting the props out from under them. Is that a correct statement of the Senator's position?

Mr. HUMPHREY. First of all, let me say frankly to the Senator from Vermont that these barterers are American businessmen.

Mr. AIKEN. Very few of them.

Mr. HUMPHREY. There is no law to restrain them. More of them could be American.

Mr. AIKEN. I think they have foreign financing.

Mr. HUMPHREY. I am not going to base my case upon what I think. I am saying the record before the committee is that those who have been engaged in barter are American business firms. They buy the same commodity any other business firm buys from the Commodity Credit Corporation, and they buy it at the same price. The advantage they have had up to date was not an advantage Congress gave them; it was an advantage which the Department of Agriculture gave them, the advantage of permitting a barterer or offerer to come to the Commodity Credit Corporation with a deal.

The Secretary, after consulting with the General Services Administration, with the Office of Defense Mobilization, with the Office of the Secretary of the Interior—after consulting any and all affected agencies of the Government—then made a determination that such a deal was a fairly good one. The Secretary will do that under the amendment we have suggested. If the Secretary thinks it is a good deal, and if he thinks it is something that will permit us to get along fairly well, he is then at liberty to offer to the barterer or the business firm the Commodity Credit Corporation's commodities.

In the past the Secretary gave the barterers the commodities at a time before the delivery date of the material which was to be received. In other words, he

gave them the agricultural commodities, let us say, in January of 1957, with a receiving date for the goods to be obtained of December 1959, 2 years later. It was during the 2-year period, between the time the bartering company obtained the Commodity Credit Corporation goods and delivered the metals for which the barter deal had been agreed upon, that the interest-free money was available. In other words, the company was able to sell the Commodity Credit Corporation goods and was able to get money for them, yet at the same time did not have to deliver right away the metals which the Department of Agriculture agreed to receive under the barter arrangement.

It was the interest-free money—the interest-free money which the Department of Agriculture permitted—which made possible the underselling in the market. That process made possible the special advantage of the bartering companies.

Mr. President, the Secretary of Agriculture has stopped that practice, and there is nothing in the bill before us which changes the situation at all. As a matter of fact, it is now required that the bartering company pay interest, exactly as anyone else would.

That is provided by administrative regulation. So all the problems incident to barter which the Department says it had, were problems the Department permitted to arise under the law it was administering. All we are attempting to do by the amendment is to say to the Secretary, "Look, Mr. Secretary, we are asking you, as the committee report says, to use prudent judgment, to use good business sense, and to try to barter, if possible, the surplus agricultural commodities in a manner which will be of benefit to the United States of America." That is all we are saying.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. Is it not a fact that the Department of Agriculture stopped extensive bartering in May of 1957 for the reason that the agencies in charge of the stockpiles did not desire to accept any more industrial diamonds? Is it not a fact that under the proposal of the Senator, future bartering of barley or vegetable oil for industrial diamonds will require the Commodity Credit Corporation to carry the diamonds if no stockpile will accept them? That is one of the difficulties.

Mr. HUMPHREY. I may say to the Senate that we are not discussing only diamonds. A point was made in the hearings with respect to that. The hearings should be studied. I stayed up rather late last night to refresh my memory of the hearings.

The point was made in the hearings that the Department of Agriculture and the Office of Defense Mobilization were placing limitations on themselves. They were setting limits upon what they would take, without legal requirements to do so.

Mr. President, we have received evidence in the hearings to show that the Government of the United States refused to accept platinum for cotton and re-

fused to accept platinum for wheat. That is a matter of uncontested record. In other words, platinum, which does not deteriorate, which is one of the precious metals, and which can be stored for a fraction of the cost of storing wheat or cotton, was refused. The Secretary of Agriculture and the Office of Defense Mobilization said, "We have enough platinum"—as if we did not have enough wheat.

I have suggested what I am trying to do by the amendment. If somebody comes along and offers to the United States of America platinum for wheat, we are going to be willing to do business if the value of the platinum is at least equal to the value of the wheat. That is what we are trying to do. It seems to me that is reasonable. We are trying to ascertain whether there can be obtained by barter certain minerals, metals, or other materials which do not deteriorate, which we can store for less cost, which perhaps will be needed by our country for national security, for offshore procurement or for the purposes of our national defense. We say that if we can barter for those things, we should do so. What is the argument against that?

Mr. COOPER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am happy to yield to the Senator from Kentucky.

Mr. COOPER. My colleague knows I am a strong supporter of Public Law 480. There are many reasons upon which to base my support.

It is very important to our farm population that Public Law 480 be maintained. Further, I consider that Public Law 480, by providing for the sale of surplus food to other countries, contributes a great deal to our program of foreign aid and to our international relations. I am sure the reasons are self-evident.

The law enables our country to assist others to meet the basic needs—food and clothing. These we have in abundance, but there are millions and millions of men throughout the world who do not have enough food and very little clothing.

Even with the programs available under Public Law 480, many needy people cannot understand why this country, rich as it is, does not make available more of its wealth in food. They question the validity of our humanitarian and ethical principles. For religious and humanitarian reasons, this is an excellent program.

And again, it is in our national interest. Today, we are in competition with Soviet Russia, both economically and politically. The Soviet Union can provide strong competition economically because it can direct its economy to meet a particular situation. In the provision of food, however, the Soviet Union cannot match the United States. We ought to be very thankful that we have this great asset. Now I come to the issue that Public Law 480 is a very desirable program. I am very much worried about new provisions which might lead to its ultimate destruction. With high regard for the great interest of my colleague and friend from Minnesota in Public Law 480, I have fears about the barter provision.



One of the things which might cause Public Law 480 to break down would be its use to supplant normal trade channels. That has been used as an argument against the act. If the barter of agricultural products, as now proposed by this new amendment, should bite deeply into normal trade channels for the export of food, eventually it would bring strong opposition to Public Law 480. I think that is the danger in the barter provision in this bill.

Moreover, as the law now stands, it permits barter for strategic materials. Strategic goods needed, and their value, can now be reasonably determined by the Office of Defense Mobilization and by other agencies. But under the proposed amendment with no strict limits as to what goods may come into this country in view of all the elements involved and the many avenues of trade and import, I do not see how any Government agency could really determine whether we need the goods which would be brought in by barter arrangements. Barter operations would upset the normal export and import trade for materials other than strategic materials. I think there is grave danger involved.

I make these points because I am very much interested that Public Law 480 be continued. It is a good law for our country and for our farmers. It is good for the countries which receive our food and cloth. It is perhaps our best foreign-aid program. It is, today, an area in which the Soviet Union cannot compete with us. So I am concerned about this barter provision which could lead to abuses which might destroy Public Law 480.

I will vote against the amendment but will vote to continue Public Law 480.

Mr. HUMPHREY. I thank the Senator from Kentucky. He was one of the Senators who took the time to come before the committee and testify relating to Public Law 480. His testimony was very constructive and helpful.

I assure the Senator from Kentucky that I have no desire to have any provisions in the law which would bring discredit upon it. Under no circumstances do I wish to see the law administered in any way which would bring discredit upon the purposes of Public Law 480, or prevent it from being properly used for the purposes for which it was enacted. The main argument against the barter provision is that it displaces normal cash sales. A supplementary or corollary argument is that it is an unorthodox method of trading. That cannot be substantiated, because barter is as old as commerce, and it is a definite part of trading in modern commerce and industry.

I believe that the best way to find out about these matters is to take a look at the testimony. It so happens that the Department of Agriculture witnesses were present in the committee when testimony was taken from representatives of some of the large grain companies and others engaged in barter.

It also happens—and I will leave the record for the objective examination of my colleagues—that the Department of

Agriculture witnesses did not submit one paragraph of effective refutation of the testimony given by the witnesses to whom I am about to refer.

The Department of Agriculture witnesses came forward with opposition, but were unable or unwilling to provide evidence to refute the very points raised by eminent businessmen of the United States.

For example, one question I asked the Department witnesses was, "Did you consult with exporters on your May 28 ruling which stopped bartering?"

Their answer was "No."

Another question I asked of the witnesses of the Department of Agriculture was, "Do you have an Advisory Committee on Exporting under the barter provisions of Public Law 480?"

The answer was "No."

A third question was, "Did you, prior to the time of the May 28, 1957, order, notify the companies and the concerns which had been traditionally engaged in barter of the pending action? Did you seek their advice and counsel?"

The answer was "No."

One of the largest companies in the United States is the Crofton Grain Co., of New York. Another is the Continental Grain Co. These companies have been doing business for some time.

Another is the Standard Milling Co. A gentleman by the name of Ralph Friedman, chairman of the board of the Standard Milling Co., of New York, testified before the committee. This is what he had to say:

Mr. FRIEDMAN. When the barter program was first incorporated we had taken a rather dim view of it, that is, to go back to that archaic procedure, but I am here to say that our experience with this—and I am speaking now transcending our own business operation—is that it has been effective means of implementing American exports of surplus products.

I will simplify this:

Perhaps I will oversimplify it, but I think this has validity.

In order to establish and maintain exports of American agriculture in competition to the severe threat of other grain exporting and agricultural exporting countries, I think it is obvious that you have to make this of interest to people to go out and sell it.

When we as a firm, or the other gentleman here representing grain firms, enter into a barter contract we take on an obligation to dispose of commodities.

And this obligation is one that we cannot walk out on at all. We go to work on it. And we export it. So it is not a simple or an easy thing to do.

The only way in our experience that this can be done, it seems to me, is to make it a responsibility, as the barter program does, of responsible grain firms.

I want the RECORD to show that these are the same grain firms which sell for cash. They are not ready to cut their own throats. The record reveals that they make a great deal less profit on barter than they do on cash sales. Three of the companies offered their accounts and financial reports to the committee. They testified that they made 1.5 percent on barter transactions. The representatives of grain companies testified that the profit on barter transactions was sub-

stantially less than on normal cash sales. But they said that barter transactions were a part of their total business operations.

Continuing, Mr. Friedman said:

I want to say so far as my own company is concerned that we are heavily involved in many aspects of the grain storage, and milling industry, et cetera.

I feel that there is a degree of impartiality in what I say, because our interests are both in storage in this country as well as in trading and export from the United States.

Senator HUMPHREY. You do cash sales on an export basis?

Mr. FRIEDMAN. Yes. We are in all aspects of this thing.

Senator HUMPHREY. It is very important that we get this down from the witnesses because the main argument against barter by the Department is the interference with cash sales.

Mr. FRIEDMAN. We are very much involved in the cash-sale business. Also, I would say that we are large storers of Government-owned commodities in this country.

If I may speak and put out some thoughts of my own. I don't want to pontificate about this but I want to come to the point. It seems to me that the United States is undertaking really enormous and often conflicting responsibility. And one of the areas of our problem is to dispose in as orderly a fashion as we can without violating the norms of procedure of other nations this growing surplus which constantly replenishes itself.

Mr. President, at this point I will yield to the majority leader, with the understanding that I do not lose the floor. Following the statement by the majority leader I shall return to the testimony of Mr. Friedman and the testimony of other witnesses, which I believe should be answered by the critics of the barter program before we vote on the amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, today the majority policy committee met and cleared for Senate action Order No. 706, S. 1356, to amend the antitrust laws by vesting in the Federal Trade Commission jurisdiction to prevent monopolistic acts by certain persons engaged in commerce in meat and meat products, and for other purposes.

We expect to move to consider that bill following the conclusion of the debate on the pending bill.

We also plan to take up by motion Order No. 727, S. 72, to increase annuities payable to certain annuitants from the civil service retirement and disability fund, and for other purposes.

That bill was introduced by the Senator from Kansas [Mr. CARLSON]. I am informed that the Senator from Kansas will offer an amendment to the bill.

I do not mean that those bills will necessarily be taken up in the order I have stated. However, I should like to have it understood that we plan to consider them this week, if possible, as well as the Treasury-Post Office Departments appropriation bill.

I now turn to another subject.

The PRESIDING OFFICER. The Senator from Texas has the floor.



# STATEMENT BY THE DEMOCRATIC POLICY COMMITTEE ON ACTIONS TO ASSURE A HEALTHY ECONOMIC RECOVERY

Mr. JOHNSON of Texas. Mr. President, the Democratic policy committee met today and approved the following statement:

The President has stated that his administration is ready to take any action that would lead to a healthy economic recovery in this country. He also said that he will send his plans to the Congress as soon as they are ready.

This is welcome news to the American people, including 5,200,000 unemployed men and women whose need for help is acute. His plans, of course, when they reach us, will be expeditiously considered in the same nonpartisan spirit with which Congress has been acting already.

The steps which have been taken in the Senate thus far have been virtually unanimous.

I interpolate as my own statement that the same situation is true in the House of Representatives. I am informed that the housing bill was passed unanimously by the House and has been sent to the White House today, and that the resolutions accelerating civil works and military construction were also adopted unanimously.

Both Democrats and Republicans suffer when times are hard and both Democrats and Republicans in the Senate have approved the measures which we hope will bring some relief.

The housing bill was approved by a vote of 86 to 0. The two resolutions urging acceleration of public works were approved by votes of 93 to 1 and 76 to 1. The Senate Public Works Committee has approved by unanimous vote the substance of an accelerated highway program, with the only division referring to an issue that does not directly affect its job-producing potentialities.

We confidently expect that other measures will receive the same nonpartisan treatment. We think that the President is correct when he opposes panic. We also believe that members of both parties in the Senate who have voted with such a high degree of unanimity are equally determined to prevent panic—especially panic of the type that came in 1929.

## EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Mr. HUMPHREY. Mr. President, I was reading from the hearings on the Policies and Operations Under Public Law 480, in the 1st session of the 85th Congress, and for the information of my colleagues who may be interested, I was reading from page 338, from the testimony of Mr. Ralph Friedman, chairman of the board, Standard Milling Co., New York, N. Y.

Mr. Friedman states:

If I may speak and put out some thoughts of my own. I don't want to pontificate about this but I want to come to the point. It seems to me that the United States is undertaking really enormous and often conflicting responsibility. And one of the areas of our problem is to dispose in as orderly a fashion as we can without violating the

norms of procedure of other nations this growing surplus which constantly replenishes itself.

If the United States were to institute a policy of dumping which would provide many headaches, that would transcend the question of just what balance-sheet profit or revenue you might have, or the Agriculture Department will have on the total operation of price supports here and for commodity storage.

What Mr. Friedman is saying is that the dumping procedure is a matter of high significance to our foreign policy and transcends any profit statement.

Then Mr. Friedman proceeds to say:

I think that the barter program which as I say I started out by having great skepticism about, I think has been effective. I think it continues to be an orderly procedure for moving commodities in very sizable quantities.

I would say one further thing, that is that as far as our company is concerned, we would be glad to make available the amount of earnings out of barter. They are very modest by any standard—a very modest percentage of the total involvement of the risk.

I will tell you, also, one thing on behalf of the so-called free interest ride. This is a form of payment for service. I don't want to confuse the issue. This is where you make some money. It has merit from the standpoint of the United States Government, it seems to me. That is that it puts a pressure on the exporter to get moving and to do something. And to really do the job.

We have that pressure. While I like to think we have a very efficient organization there are a lot of things that can happen.

That is the sum and substance of what I want to say.

Then his testimony is concluded by the statement:

We are going to have the Department of Agriculture here on this barter program.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. As the Senator says, barter is as old as commerce. Generally speaking, I believe Public Law 480 has done a remarkably good and thorough job. I should like to ask the Senator some questions relative to the amendment under discussion. First, can the Senator state how much lead has been brought into this country under the Public Law 480 program?

Mr. HUMPHREY. One hundred and thirty thousand short tons.

Mr. HUMPHREY. Yes.

Mr. MANSFIELD. A short ton weighs 2,000 pounds. How much zinc has been imported?

Mr. HUMPHREY. Two hundred and fifty-four thousand tons. That is actually delivered.

Mr. MANSFIELD. Two hundred and fifty-four thousand tons?

Mr. HUMPHREY. Yes.

Mr. MANSFIELD. How much manganese?

Mr. HUMPHREY. Manganese ore, battery grade—there are several different grades, as the Senator knows.

Mr. MANSFIELD. Yes.

Mr. HUMPHREY. Manganese metal, none delivered. Manganese, electrolytic, 2,000 long tons. Then there is the battery grade.

Mr. MANSFIELD. Yes; the black.

Mr. HUMPHREY. The figure for that is 10,000 long tons.

Mr. MANSFIELD. Ten thousand long tons?

Mr. HUMPHREY. That is correct.

Mr. MANSFIELD. How much tungsten has been brought into this country under the program?

Mr. HUMPHREY. No tungsten.

Mr. MANSFIELD. No tungsten?

Mr. HUMPHREY. No.

Mr. MANSFIELD. How much copper?

Mr. HUMPHREY. There is none in the supplemental stockpile, but there is some in the strategic stockpile. I do not believe any has been brought in. No, the figures I have indicate none has been imported under this program.

Mr. MANSFIELD. The Senator knows that the 5 metals I have mentioned are very important in the economy of the State of Montana.

Mr. HUMPHREY. Yes, indeed.

Mr. MANSFIELD. As is, of course, the disposal of surplus wheat.

Mr. HUMPHREY. That is correct.

Mr. MANSFIELD. The Senator realizes that, insofar as manganese is concerned, we produce about 10 percent of the total needs of our country, and that of that 10 percent 90 percent is produced in the Butte-Philipsburg district in the State of Montana.

Mr. HUMPHREY. Yes.

Mr. MANSFIELD. I believe the figures for tungsten indicate about the same situation that applies to manganese. Ten percent of our national needs have been produced in this country, with a goodly portion of that being produced in the State of Montana. At the present time our tungsten mines and mills are shut down.

Mr. HUMPHREY. Yes.

Mr. MANSFIELD. Our manganese mines and manganese plants in the Butte area will very likely be shut down sometime in May unless the Government takes action along the lines urged in the bill introduced by the distinguished senior Senator from Montana [Mr. MURRAY] and myself on Monday of this week. So far as lead and zinc are concerned, we have these metals running out of our ears, at a very depressed price.

Mr. HUMPHREY. The Senator is referring to lead and zinc?

Mr. MANSFIELD. Yes; lead and zinc.

Mr. HUMPHREY. I am happy the Senator has referred to this subject.

Mr. MANSFIELD. We have been trying to get some relief from the Tariff Commission since last September. I do not know why a decision has not been announced. We have communicated with the White House but have received no encouragement. We have received promises, which are about as vague in their meaning as they can be. Meanwhile, lead and zinc mines are closing down. Many of them are filling up with water, and the timbers are caving in. It will be a difficult task to get the mines open again.

Approximately 275,000 tons of copper are in surplus at present. It is my understanding that these metals—I understand copper is not among them, but the other four are—



Mr. HUMPHREY. Yes.

Mr. MANSFIELD. Were being obtained under barter, and were brought in to be kept for the stockpile. But with the decline of the barter agreement, the metals have continued to come in, and they have come in such quantities that the price has been depressed.

Mr. HUMPHREY. They came in under what might be called the free market operations, which depressed domestic prices.

Mr. MANSFIELD. Nothing was paid in the nature of a tariff.

Mr. HUMPHREY. No tariff was paid. The Senator is correct. We have some information about that. Last July, Mr. Shannon, Under Secretary of the Interior, testified before the Committee on Agriculture and Forestry. He said:

Similarly, the market effect of the Government's withdrawal from barter in any commodity is probably dependent upon such circumstances as the manner of the withdrawal, the quantity of the material the Government had been taking and the general condition of the market.

In the case of lead and zinc, the facts are that the entry of the CCC into barter in the middle of 1956 was not accompanied by a United States price increase. However, suspension of the barter program at the end of April was followed a few days later by a price decline which has brought zinc from 13½ cents to 10 cents and lead from 16 cents to 14 cents. Since the middle of 1956, the CCC has negotiated for \$72 million in zinc and \$40 million in lead. For purposes of comparison, it may be pointed out that the zinc contracts were equivalent to about half the value of domestic zinc smelted in 1956 and about 35 percent of the value of domestic lead smelted and refined.

The metal trade seems to have concluded that the immediate cause of the decline in price following the suspension of barter was the suspension.

The Wall Street Journal of June 5 summarized the situation in these terms:

"Demand for zinc in the United States has been sharply reduced for the past several months by the three major users: The steel galvanizing industry, which uses the metal as a protective coating on steel products; die casters who supply the automobile industry; and the brass mill which manufactures brass and other copper-zinc alloys.

"The break in zinc's price, industry men say, stems from the lack of any immediate prospects of important Government help, either from the new revised barter deal program of the Agriculture Department, or as from Administration's new long-range mineral-aid program.

"Barter, which involves the exchange of United States Government-owned surplus agricultural products for foreign zinc and lead, had been the major price prop for both metals since the latter half of 1956 and up to April 30, 1957, when such transactions were suspended. Last week, the Agriculture Department resumed barter deals, but industry men say they are so wrapped with restrictive conditions, it is almost impossible to arrange transactions. The acquisition of foreign zinc and lead had resulted in removing substantial surpluses of the metals from world market previously."

If barter is to be resumed on any substantial scale for metals and minerals over the long run, the Department feels that first priority should be given to procurement to meet mobilization objectives.

The evidence speaks for itself.

Mr. MANSFIELD. I noticed in the course of the testimony which the Senator from Minnesota quoted that it was

stated the surplus was removed from the world market.

Mr. HUMPHREY. That is correct.

Mr. MANSFIELD. But the stockpiling of it here increased the surplus in the domestic market. I would not be able to prove it, but I feel certain the Senator from Minnesota has information at his disposal to show that very likely Public Law 480 surpluses may have entered into relations, mining-wise, with other countries, for example, Mexico, and Peru, and that the United States received zinc in return for surplus commodities. Is that correct?

Mr. HUMPHREY. I am not sure how much bartering we have done with those countries, but some arrangements were made with Peru under Public Law 480. I do not know about Mexico.

Mr. MANSFIELD. I selected those two countries because they, together with Canada, constitute from their point of view, the major exporters, of lead and zinc to the United States. Does the Senator from Minnesota have any idea of the present size of the stockpiles of lead, zinc, tungsten, and manganese in the United States?

Mr. HUMPHREY. The information may be available, but I only know how much of the metals are in the supplemental stockpile, obtained under the provisions of Public Law 480.

Mr. MANSFIELD. Is that the Public Law 480 stockpile?

Mr. HUMPHREY. Yes.

Mr. MANSFIELD. Do the figures contain the strategic materials which are stockpiled with other materials?

Mr. HUMPHREY. No; there is one division which is called strategic and critical; the other is called supplemental. I shall try to obtain the exact figures for the Senator.

Mr. MANSFIELD. For the 4 months covered, has the Senator any idea of the sizes of the strategic stockpiles of lead, zinc, tungsten, and manganese, and also copper?

Mr. HUMPHREY. I will get the information for the Senator this afternoon if it is possible. It may be in the hearings. In the meantime, there are staff members with us who can ascertain the information. What the Senator wants is the total amount in both the supplemental and the strategic stockpiles—both piles.

Mr. MANSFIELD. The amounts of the five metals. If there are any others, I shall be pleased to have that information, too, because it will be interesting reading.

Mr. HUMPHREY. I am informed that part of the information desired by the Senator from Montana, relating to the strategic stockpile, is classified information.

The bill before the Senate is a little different from Public Law 480, because it provides for the blending of domestic ores with foreign ores in the processed material which the Department of Agriculture would acquire under barter arrangements.

Mr. MANSFIELD. That raises another question. The senior Senator from Montana [Mr. MURRAY] and I and

our two colleagues in the House, Representative METCALF and Representative ANDERSON, on last Monday introduced bills to beneficiate manganese, so that the low-grade ore which is on hand at the manganese plant in Butte, Mont., can be improved in grade and thereby become of some value, something which it does not have at present. About 6 million units of such are is stockpiled there.

The Senator from Minnesota now says that in the extension of Public Law 480 foreign ores will be brought in for the purpose of beneficiation of low-grade ores in this country. Where will that leave us, when we seek to do the same thing with our domestic ores which are lying idle? Unemployment is increasing in Butte. At the present time it is 63 percent higher than it was last January, and is increasing.

Mr. HUMPHREY. I have been very sympathetic with the Senator in his problem. It is not a problem which affects Montana only. A grave problem of unemployment exists in the iron ore producing section of Minnesota.

Mr. MANSFIELD. That is true.

Mr. HUMPHREY. Under the present law, Public Law 480, barter could be designed to bring in foreign ores, but not ores to be blended with domestic ores.

Mr. MANSFIELD. That is correct.

Mr. HUMPHREY. It seems to me it would be desirable for the Senator from Montana to have the producers of his State use domestic ores, rather than the foreign ores which are coming in, to take over the market.

Mr. MANSFIELD. As I understand, the metals which come from overseas under Public Law 480 go into the stockpile.

Mr. HUMPHREY. That is correct; and under the provisions to which the Senator from Minnesota is addressing himself, not only will the foreign ores which are processed go into the stockpile, but some of the domestic ores will also. So it has a tendency to do two things: first, to firm up world prices, which affect domestic prices; second, to utilize some of the domestic ores.

By specifically permitting domestic processing of ores, by means of this barter arrangement we have an opportunity to utilize low-grade domestic ores which are not being utilized at the present time. At best they are being stockpiled occasionally, but most of the time they simply are not being used.

As I have said, at one time the Department of Agriculture permitted the domestic processing of foreign ores. But it does not permit that any longer—not under present arrangements.

Since the processors always are purchasing high-grade ores for their own inventories, such importation of high-grade ores as could be done under a Public Law 480 barter agreement would not change the inventory arrangements; it would simply permit the use of some of the domestic ores for the stockpiling.

Mr. MANSFIELD. But who would purchase the imported ores for fabrication purposes?



Mr. HUMPHREY. Does the Senator from Montana mean the low-grade ores?

Mr. MANSFIELD. No, I mean the manganese and tungsten ores regardless of grade.

Mr. HUMPHREY. They would be purchased by the same people who have been purchasing them right along.

Two kinds of purchases are involved, private and public. One category is made up of purchases by the Department of Agriculture, under barter arrangements, in the case of materials which go into the strategic stockpile or remain an asset of the Commodity Credit Corporation, not of the private manufacturer or purchaser.

Mr. MANSFIELD. Do brokers enter into transactions of this kind?

Mr. HUMPHREY. Yes. What generally happens is that a firm begins the transaction, and frequently a broker is involved.

Mr. MANSFIELD. So they can manipulate a little here or a little there; and that would affect the domestic price; would it not?

Mr. HUMPHREY. I suppose that could be done. But the record shows quite clearly that in the case of lead and zinc, when bartering was done for lead and zinc, there were better prices.

Mr. MANSFIELD. Better prices for lead and zinc?

Mr. HUMPHREY. Yes. When there was no barter, there were lower prices.

Mr. MANSFIELD. Yes; because the materials kept coming into the United States and going into the open market, rather than into the stockpile.

Mr. HUMPHREY. Yes. That is why I say that in the case of manganese or ferromanganese ores or other metals involved in this case, the same arrangements can apply. When they are bartered for, that firms up the domestic price. When they are not bartered for, there is a lower world price, which hurts the domestic market.

I have received telegrams from persons who are involved in this matter. They are concerned from the point of view of making money or losing money, rather than merely making an argument.

Mr. AIKEN. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Does the Senator from Minnesota yield to the Senator from Vermont?

Mr. HUMPHREY. I yield.

Mr. AIKEN. Is it not true that some of the materials which formerly came and were put into the stockpile, have been removed from the strategic list and cannot now be bartered for?

Mr. HUMPHREY. But they can be; that is why we amended the 1956 act.

Mr. AIKEN. But has not there been a termination of bartering arrangements for certain materials which were formerly used for stockpiling?

Mr. HUMPHREY. That is correct.

Mr. AIKEN. And would not the Senator's proposal in this bill make it possible for such materials to continue to be bartered for and brought into the United States, even if they were not stockpiled? Is it not true that they are to be held by the Commodity Credit Corporation, if

a stockpile will not take them? Is it not also true that Government agencies which wish to use such materials are required to purchase them from the Commodity Credit Corporation's stockpile, to the exclusion of purchasing them in the normal channels of trade in this country?

Mr. HUMPHREY. That is exactly the case under the existing provisions of law. In the case of overseas transactions and offshore procurement, the provisions of the bill are exactly the same as those of the original Public Law 480.

Mr. AIKEN. No; under Public Law 480 they are not permitted to barter for them and bring them into the country, unless they are needed for stockpile purposes.

Mr. HUMPHREY. But once they get them in—

Mr. AIKEN. Once they come into the country, they depress the market.

Mr. HUMPHREY. No, because they are sealed off in the strategic stockpile and in the supplementary stockpile.

Mr. MANSFIELD. When they are in the stockpile, they do not depress the market.

Mr. HUMPHREY. That is correct.

Mr. MANSFIELD. Once the barter arrangement for the stockpile comes into being, the materials are not thrown onto the open market.

Mr. HUMPHREY. That is correct.

Mr. MANSFIELD. But in the case of lead and zinc, when they were not being purchased by the Government for stockpile purposes, the prices in the market were depressed.

Mr. HUMPHREY. That is correct. Certain amounts of lead, zinc, and manganese will be sold, and certain amounts will be needed. When the Government steps in, through barter arrangements, to acquire some of the production and to put it into the stockpile, that has a tendency to firm up the prices across the market. When the Government no longer purchases such materials, for stockpile purposes, and no longer purchases them for the Government's needs, that has a tendency to leave the production in the market and to depress the prices. The matter is just that simple.

I have received a copy of a telegram which was sent to one of our colleagues by the Pittsburgh Metallurgical Co. I notice that several Senators received copies of it. The telegram reads as follows:

The Senate Agricultural Committee has reported a bill (S. 3420) which includes amendments to the "Barter Act" of a directive nature, to request the restoration of the program of exchanging surplus perishable agricultural commodities for durable materials which are required in our economy, such as ferrochrome and ferromanganese alloys, which can be stored cheaply and do not deteriorate. The program is of utmost importance to the ferroalloy industry because at present we are operating less than 50 percent capacity, resulting in serious unemployment, and indications are that additional cutbacks will be required. We have metallurgical plants at Calvert City, Ky.; Niagara Falls, N. Y.; and Charleston, S. C.

We urgently need your support on the bill, S. 3240, which, if enacted into law, and ferroalloys included, as in the past,

would substantially help the unemployment situation, not only for Pittsburgh Metallurgical Co., but for the ferroalloy industry as a whole. Also, other industries who furnish raw materials and equipment would benefit greatly from increased employment.

We understand the Agriculture Department is opposing the bill (S. 3240), and, therefore, respectfully appeal to you for support on this bill, which has been reported by Senator ELLENDER. I am sure it would be most helpful if you would call Senator ELLENDER on this matter, upon receipt of this telegram.

The telegram is signed by Charles F. Colbert, Jr., chairman of the board and president of the Pittsburgh Metallurgical Co., of Niagara Falls, N. Y. That company is a domestic processor. I notice that one of the company's plants is in Calvert City, Ky.

Mr. AIKEN. What kind of metals does it use?

Mr. HUMPHREY. Ferroalloys—ferromanganese, for instance.

Mr. CASE of South Dakota. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. CASE of South Dakota. First, let me say that, on general principles, I favor the barter provisions of the bill.

However, I believe that in bartering there should be provided safeguards which will insure that we shall not be transferring the depression which agricultural—commodity prices suffer by reason of a large stockpile or surplus, over to the minerals field. We will not gain anything simply by converting the agricultural commodities surplus into a surplus of minerals, and then have the mining industry depressed thereby.

Mr. HUMPHREY. Let me say most respectfully that I am fully cognizant of this matter. I have checked on it with the Department of Agriculture. I have had members of my office staff look into it. The one point upon which everyone seems to agree—everyone except some Members of the Senate who disagree, because of some kind of confusion—is that the measure we have advocated will strengthen the metals market.

Mr. CASE of South Dakota. Let me point out the language of the bill which I believe modifies what the Senator from Minnesota has said.

Mr. HUMPHREY. Very well.

Mr. CASE of South Dakota. I thoroughly agree with the idea that if an agricultural commodity which deteriorates after a certain period of storage can be converted into a mineral which can be stored for a long time at less cost and with little or no deterioration, that is a good trade, and is in our interest, and presumably is in the interest of the peoples or countries which have a surplus of minerals and a shortage of food.

But the language which I believe causes the difficulty is to be found on page 4, in lines 10 to 13. That language is the latter part of the sentence which begins in line 8.

The sentence beginning in line 8 reads as follows:

Materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of



the Government, in purchasing such materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements.

Mr. HUMPHREY. That refers to the Defense Department, the AEC, the Office of Defense Mobilization, and to the General Services Administration and to the other agencies responsible for stockpiling. This same language is contained in the present act. In other words, other departments of the Government require metals for stockpiling purposes; and this language means that the metals shall be purchased by such other agencies of the Government, rather than to leave the matter entirely to the Department of Agriculture.

Mr. CASE of South Dakota. I see nothing in the language which would limit it to stockpiling.

Mr. HUMPHREY. Let me say that I have just been reaffirmed by counsel that the same language is contained in the existing law.

Mr. CASE of South Dakota. I realize that, and I think that is one of the reasons why a part of the mining industry of the United States today is depressed. I believe that when a stockpile or reserve of minerals is created and when governmental agencies are permitted to obtain their requirements from the minerals in the stockpile, regardless of the domestic supply situation, the result is to say to those agencies, "You are to obtain the Government's requirements from the stockpile before you purchase them from the normal production." I have always believed that a reserve stockpile should have a padlock, and should be opened and used only in times of emergency.

Mr. HUMPHREY. That is the case now. The Senator from South Dakota ought to know that, and he does know it.

Mr. CASE of South Dakota. The Senator from South Dakota knows the regular stockpile of Government does have restrictions on it. The Senator from South Dakota knows further that if the agencies of Government which have current requirements are permitted to go to that stockpile and take materials from it, rather than—

Mr. HUMPHREY. If I may interrupt the Senator, I point out that Public Law 590 of the 79th Congress, section 104 (b), requires that materials so acquired shall be released from the supplemental stockpile only under the provisions of section 3 of the Strategic and Critical Stockpile Act. It literally requires an act of Congress to change it.

Mr. AIKEN. That is subject to change.

Mr. HUMPHREY. If we are going to deny a representative form of government the right to change the law, I suppose there will always be a danger of such material being released. I am saying to the Senator the purpose of the language has been underscored in the present practice. What is the present practice? When the Commodity Credit Corporation acquires lead, zinc, fluor-spar, or whatever the material may be, which it does not want to hold itself, there is in effect a directive that other agencies of Government shall take off the hands of the Commodity Credit Cor-

poration some of the material which would go into the stockpile of strategic and critical materials. We amended the Agricultural Act of 1956 so that strategic and critical materials would go into the strategic and critical stockpile, and other materials would go into the supplemental stockpile.

Mr. CASE of South Dakota. In our experience with wool, when we had a supply of wool, we found the stockpile of wool was constantly operating as a threat to the then current wool market. The wool stockpile was liquidated during the latter part of last year. I think wool is now on the open market.

Mr. HUMPHREY. Yes.

Mr. CASE of South Dakota. But there was always an area of doubt and a difference of opinion between the producers of wool and those administering the wool stockpile in the Department of Agriculture with respect to how much should be released to the market at any one time. Wool is midway, so to speak, between wheat and hard metals. Wool can be stored for a period of time, certainly longer than some of the grains can. Still, replenishment of the wool or the revolving of the material in the stockpile is one of the things which had to be kept in mind with regard to the problem of storage over a long period of time. That area of difference of opinion has always been a disturbing thing to some of the wool producers.

I should like to see a provision written into the law that in administering the stockpile or stocks acquired by the Commodity Credit Corporation through barter provision, those materials would not be released, the padlock would not be unlocked, the stockpile would not be opened up in normal times, unless there was a short supply.

I think the idea behind having a strategic stockpile is to enable the country to have a supply of such material in times of emergency and in times of shortage.

Mr. HUMPHREY. What is before us goes beyond strategic materials. The RECORD should be clear we are talking about not only strategic materials, but we are talking about strategic, critical, and other materials.

Mr. CASE of South Dakota. Perhaps the point is even stronger when we consider the nonstrategic materials.

Mr. HUMPHREY. I think such a point could be made. I say, with equal candor, we have no right to depress American agriculture.

Mr. CASE of South Dakota. We certainly do not want to depress American agriculture, but we do not want to transfer a depressing of agriculture to a depressing of minerals.

Mr. HUMPHREY. Of course not. If there was half the concern over the preservation of subsidies and holding up the market for corn and wheat as there was over being able to lock up materials in stockpiles, agricultural prices would be better. I have not heard a speech in weeks about the dumping of corn by the Commodity Credit Corporation, but if a little lead or zinc is dumped, supposedly that is bad. I think it is if it is supposed to be in the stockpile. I say to the Sena-

tor, insofar as strategic and critical materials in the strategic stockpile are concerned, it takes an Act of Congress to release them. Here is the law, and the language reads—

Mr. CASE of South Dakota. We are dealing with the bill which is before us, and I should like to have the Senator's interpretation as a part of the legislative history of the bill.

Mr. HUMPHREY. Since the Senator from Minnesota has the floor and is yielding, let me say that Public Law 590, of the 79th Congress, provided that no material constituting a part of the stockpiles may be disposed of without the express approval of Congress, except where the revised determination is by reason of obsolescence of such material in time of war.

The law has been amended by what we call the National Stockpiling Act and by the Supplemental Stockpile Act, and the law locks up the material. Whatever goes into the stockpiles is locked up.

I see no danger of the stockpile act weakening the market. At this time the Commodity Credit Corporation has materials to the tune of \$55 million more than was invested in them. That is much better than what happened with respect to cotton, corn, wheat, and a few other commodities.

Mr. CASE of South Dakota. I could not agree more with any proposition than that stated in the last sentence of the Senator. It is much better to have \$55 million more of storable, nonperishable minerals, or metals, or whatever they may be, than to have perishable agricultural commodities of that value. What I want to do is see that the language is made as airtight as possible, in order to protect the natural, normal producers' market from being injured by the acquisition of similar goods and their distribution or placement upon the market, except in times of deficit or national emergency.

I should like to ask the Senator a question, because I think his opinion as to the interpretation of the pending bill will be important in the administration of the law or in any court interpretation of it.

Does the language which reads: "other agencies of the Government, in purchasing such materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements" require purchasers of stockpile materials or the Government agencies that have need for such materials, but which do not administer the stockpile, to buy the materials from the Commodity Credit Corporation, rather than buy them in the open market?

Mr. HUMPHREY. My answer is as follows: Since the provision is identical with the provision which is presently in law, the arrangements which now prevail relating to the purchase of commodities by other agencies of Government would continue.

What are those arrangements? Presently, strategic and critical materials and materials eligible for the stockpiles go into the stockpiles.



Mr. CASE of South Dakota. And no others?

Mr. HUMPHREY. Those items which are available for the stockpiles go into them. There are some others.

Mr. CASE of South Dakota. Let us assume that the Signal Corps needs some crystals, or some other material which goes into electronic equipment, and wants to buy such material. Under the language of the amendment would the Signal Corps be required to buy that material from the Commodity Credit Corporation, rather than to buy it on the open market?

Mr. HUMPHREY. In my judgment, it would be required to do so. However, the Secretary might engage in barter for a particular purpose for our Government, as he did, for example, in an instance for ICA.

I have some information which was given to our committee. The United States Department of Agriculture purchased in 1953, 1954, 1955, 1956, and 1957, certain items for certain agencies of Government under barter arrangements.

For the Atomic Energy Commission the Department of Agriculture obtained some thorium nitrate, \$8.8 million worth. It obtained some zirconium sponge, worth \$4½ million. For the Department of Defense it obtained \$4.1 million worth of boron material in 1956. For ICA in 1954 the Department obtained some \$200,000 worth of blankets. The Department once obtained some fertilizer worth about \$200,000. It also obtained some raw silk worth \$1.4 million. These items were obtained under barter arrangements.

I say to my friend, the Senator from South Dakota, we must depend upon the Secretary of Agriculture, as we say in the report, to use good, prudent judgment. I would not care to assume that the Secretary would flood the American market. He would be doing these things when it was to our advantage, rather than when it was to our disadvantage.

Mr. CASE of South Dakota. Certainly if the Secretary uses the barter provision for the purpose of getting wool blankets abroad, or cotton yarn, or some of the minerals which have been mentioned, it would seem to me that should be done only when there is an emergency situation which brings about a shortage.

Mr. HUMPHREY. I imagine that is what happened.

Mr. CASE of South Dakota. I can see that during a period of war the Secretary might purchase wool abroad.

Mr. HUMPHREY. Yes.

Mr. CASE of South Dakota. He might then purchase wool blankets abroad.

Mr. HUMPHREY. Yes.

Mr. CASE of South Dakota. Or even cotton yarn. He might have to go abroad for such materials in wartime; but normally it would seem to me those items should be supplied by the domestic market.

Mr. HUMPHREY. I could not agree with the Senator more completely.

Mr. CASE of South Dakota. The same thing would be true in normal times with respect to any minerals available on the domestic market.

Mr. HUMPHREY. The Senator is absolutely correct. I thoroughly concur.

As a matter of fact, I have been trying rather consistently to draft phraseology which would even more pinpoint what the Senator has in mind. I went to the Reciprocal Trade Act this morning, to see if I could not find language which would protect the American domestic market situation along the lines of what we find in the peril-point provisions as to reciprocal trade.

Mr. CASE of South Dakota. Mr. President, if the Senator will yield further, the able Senator from Florida [Mr. HOLAND] has invited my attention to a change in language between what appears in the sentence I have read in the bill pending and the existing law. I was under the impression, from what the able Senator from Minnesota said, that the language was identical.

Mr. HUMPHREY. That is correct. That is what I said.

Mr. CASE of South Dakota. The change, however, comes in the substitution of the plain word "materials" for the words "strategic materials" in the present law.

Mr. HUMPHREY. I may say most respectfully to the Senator that the Agricultural Act of 1956 makes possible transactions for both strategic materials and other materials. I knew that the point would come up again, since we had the discussion last evening, so I should like to invite the Senator's attention to all the barter authority for any kind of materials we ever want, under the Commodity Credit Corporation charter.

I have in my hands the budget of the United States Government for the fiscal year ending June 30, 1959. Some of the material relates to the Commodity Credit Corporation. I shall soon refer to the statute. In the budget, under the commodity export program—and I ask for the Senator's attention—it is stated that—

The Corporation promotes the export of agricultural commodities and products through sales, barter, payments, and other operations. Such commodities and products may be those held in private trade channels as well as those in Commodity Credit Corporation's inventory. This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (d) and 5 (f), and in accordance with specific statutes where applicable, such as sections 407 and 416 of the Agricultural Act of 1949—

And so forth. What is the authority for barter under the charter of the corporation? I have in my hand the Commodity Credit Corporation Charter Act, on page 145 of the Compilation of Statutes Relating to Agricultural Law, as of January 1, 1957. Subsections (d) and (f) in the Commodity Credit Corporation Charter Act, under which the Commodity Credit Corporation can use barter to accomplish this purpose, states:

Remove or dispose of or aid in the removal or disposition of surplus agricultural commodities.

And:

Export or cause to be exported, or aid in the development of foreign markets for agricultural commodities.

In other words, the Commodity Credit Corporation has the authority under its charter to export under barter, and the limitation of "strategic" and of "critical" is not in its charter.

Mr. CASE of South Dakota. That is on the export side. What about the import side?

Mr. HUMPHREY. When one barter, one has to import.

Mr. CASE of South Dakota. Certainly.

Mr. HUMPHREY. One exports something out and imports something in. That is what is meant by barter.

All I am saying is that Public Law 480, which was enacted later, provides for barter of agricultural commodities for strategic materials but does not limit the authority of the Commodity Credit Corporation to acquire by barter other materials. That is why the Agricultural Act of 1956, at the request of the Department of Agriculture and at the insistence of the members of the Senate Committee on Agriculture and Forestry, provided that in the stockpiles we will not merely have strategic items, but other materials.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. If the Commodity Credit Corporation charter is that broad—and it would necessarily be very broad—and if the authority is already available, why have we been wasting time all of these years enacting implementing legislation?

Why does the Senator from Minnesota think additional legislation is needed now, except that his proposed legislation directs the—

Mr. HUMPHREY. It is not my legislation. It is committee legislation. Let us make that clear.

Mr. AIKEN. I do not know whose legislation it is.

Mr. HUMPHREY. The committee approved the legislation.

Mr. AIKEN. If such a provision is not necessary in order to change the status quo, why do we have it under consideration? If all this power is included in the Commodity Credit Corporation charter, why is the legislation necessary?

Mr. HUMPHREY. I can tell the Senator why.

Mr. AIKEN. We have been implementing that charter for quite a while.

Mr. HUMPHREY. We have, indeed. All the Senator from Minnesota is saying is that the Commodity Credit Corporation charter provides for the broadest means of handling these commodities.

Mr. AIKEN. That is true.

Mr. HUMPHREY. One of them is barter. The barter arrangement is not restricted to critical or strategic items.

Second, Members of Congress are presumed to have known this, because in the Agricultural Act of 1956 it was stated that for the purposes of the stockpile there would be a stockpile known as the supplemental stockpile, into which other than strategic materials could go. All the language of the bill before us does is to use the word "materials," which encompasses both strategic and critical materials as well as other materials.



Mr. AIKEN. The Senator does not contend, does he, that the Commodity Credit Corporation could barter for pulpwood, cement, paper, coffee, rubber, or petroleum, without additional legislation?

Mr. HUMPHREY. I certainly do.

Mr. AIKEN. What, then, is the purpose of the language in the bill for which the Senator is responsible, to require the Commodity Credit Corporation—

Mr. HUMPHREY. The reason for this bill—and we will not allow anyone to becloud the issue—is that there was plenty of authority for barter, but the Department of Agriculture refused to act. Public Law 480 granted all the authority the Government needed to barter almost \$1 billion worth of goods.

Mr. AIKEN. It still has such authority.

Mr. HUMPHREY. It still has such authority. The reason for the language in the pending bill is that the Department of Agriculture refuses to act.

What I am saying, quite pointedly, is that we have before us a type of directive to the Secretary, saying to him, "Mr. Secretary, you have authority in the Commodity Credit Corporation; you have authority under Public Law 480. We would like to have you get busy and barter, wherever you can find a commodity which will not deteriorate, and with respect to which you can save on storage, and which would be helpful to our overseas program or our national security. We would like to have you get busy and barter."

In the report we say, "Do it prudently, with good common business sense." We suggest to the Secretary that he follow the kind of advice and counsel he has been receiving from the General Services Administration, the Office of Defense Mobilization, and other agencies of Government which might need something.

For example, consider the Atomic Energy Commission. If we could barter our wheat for Indian thorium, it would be a pretty smart operation. The Indians have thorium, from which can be obtained fissionable material. If we could barter American wheat for the Indian thorium, I suggest that it would be a practical and economical operation.

Who would do the bartering? The Secretary of Agriculture. He has the commodities. He has the responsibility for those commodities under the Commodity Credit Corporation. All we are saying to the Secretary is, "Use the barter authority to dispose of these products, and do it in the most practical way." We ask him to do it with prudence and caution, and with good, sound business sense, protecting the value of the commodities.

What I sense is that some people in Government and out of Government would rather complain about the agricultural surpluses than get rid of them. Some of them would rather talk about the \$1 million a day it costs to store wheat than to sell wheat for platinum. The record is filled with examples showing where good barter arrangements were made available, but the Department of Agriculture turned them down.

Why? Because the Department had a limited list, a list of strategic materials. That strategic list was reviewed month after month by the Office of Defense Mobilization.

Furthermore, when the Department could not find a purchaser in the Government, such as the Defense Department or the General Services Administration, it did not barter.

In the meantime, dozens of articles in magazines are reminding farmers of what a wasteful thing the surplus program is.

How many Senators have read newspaper articles about millions of bushels of wheat locked up in old Liberty ships, rotting because of dampness and age?

The very same people who give information with respect to such an operation, and who complain about it, are also sending memorandums to Senators saying, "Do not barter it. We are going to sell it for cash."

They have not sold it for cash. An interesting fact, which no Member of this body can dispute, is that when barter sales go up, so do cash sales. When I finish reading from the testimony, I will have shown that the grain companies which are the largest exporters in America, and which export and sell grain for cash, also support barter.

Who is against it? The Department of Agriculture, which has the responsibility under the law of liquidating the surplus. A mandate was laid down by the Congress. In the act of 1956, we asked the Secretary to present to the Congress a program for utilizing the surpluses. What was his response? He stopped barter, by means of which we were able to liquidate almost \$1 billion worth of surpluses in 1956.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. Does not the Senator know that the Commodity Credit Corporation has sold surplus commodities to the extent permitted by the Congress during the past 3 years?

Mr. HUMPHREY. No; I do not.

Mr. AIKEN. At least in the amount allowed of \$1 billion during the current fiscal year. We also require a couple of hundred million dollars to be used in the mutual security programs.

Mr. HUMPHREY. They have sold surplus commodities, but they have not bartered. There is no limit on barter.

Mr. AIKEN. The Commodity Credit Corporation has used up the sales authority of \$1 billion.

Mr. HUMPHREY. The Senator is absolutely correct. The Commodity Credit Corporation has used up the full authorization under Public Law 480 for sales, but it has refused to barter.

Mr. AIKEN. There is no question that it could barter every surplus commodity we have, if the bartering were done on the terms of the barterers. But I shudder to think what that might do to American industry.

Mr. HUMPHREY. The Secretary is required to barter only if it is to the interest of the United States. The Secretary of Agriculture does not have to barter recklessly. What the Secretary

of Agriculture is asked by the Congress to do is to try to barter \$500 million worth a year. He is not required to do it. We say that it would be well if he would do so; and we say that that is the maximum amount we want him to barter.

So I answer the argument of the Senator from Vermont by saying that all the surplus commodities are not to be bartered. The provisions in the law establishes a maximum of \$500 million.

I also note for the record that the Department of Agriculture can and does sell for foreign currencies. I ask my friends which would they rather have—foreign currency from Spain, or a good metal which can be used in American industry or for our national security?

Would they rather have wheat lying in ships and spoiling, so that people can complain about it, or would they rather have certain ferro-manganese ores in the stockpile?

Would they rather have lead and zinc in the stockpile? Would they rather have borax? Would they rather have thorium? These are items which can be stockpiled and would not deteriorate. The simple truth is that the Department of Agriculture is unwilling to utilize the tools it has at its command.

I throw down the gauntlet in this Chamber. There is a record of testimony. The representatives of the Department of Agriculture were present to testify under friendly auspices. They were present and testified as much as they wanted to testify.

The testimony reveals that they had no answer to those who said that barter should be continued. The only answer they had was that in their view it was displacing cash sales, despite the fact that the companies which were doing bartering said that their cash sales were higher, along with the bartering.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CARROLL. Can the Senator explain to me why the Department of Agriculture suspended the barter program with respect to lead and zinc in 1957?

Mr. HUMPHREY. I think it was because the program was working. I do not wish to be cynical, but the Senator knows what happened to lead and zinc prices when the Department suspended the barter program affecting lead and zinc.

Mr. CARROLL. I intend to go into that question. But is there anything in the record to explain why the Department stopped the barter program? The Under Secretary of the Interior, in his testimony on page 575, completely supports the barter program, and says that the barter program is of tremendous significance to the mining industry.

Mr. HUMPHREY. Despite that fact, in the reception room are four members of the Department of Agriculture staff—and it is their privilege to be there—telling Members of the Senate that the barter program is to the detriment of the mining industry. On the other hand, the Assistant Secretary of the Interior testified before our committee to



the effect that barter is to their advantage.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CARROLL. The Under Secretary of the Interior, to whom the Senator has referred, comes from Colorado, and therefore knows a good deal about the mining problems of the West. In Colorado we also have problems similar to those described by the distinguished junior Senator from Montana [Mr. MANSFIELD], especially with the minerals lead and zinc.

The history of those two minerals—especially since 1954—has been a tragic one. Lead and zinc mining is an industry which is in severe distress.

The problem of the importation of lead and zinc was considered by the United States Tariff Commission in 1954, and it found the industry needed special consideration under the escape clause of the reciprocal-trade program.

That finding was submitted to the President of the United States for his approval. The President rejected the Tariff Commissions' recommendations and the industry got no protection.

I note from the record that in 1956, under Public Law 480, the barter provisions were employed and, as a result of trading other materials for lead and zinc, some stability was restored to the lead and zinc industry.

Immediately upon the suspension of the lead-zinc barter program, the price declined. It has thrown thousands of miners out of work in the West, and has caused a crisis in the lead-and-zinc industry.

Mr. HUMPHREY. The Senator's statement is absolutely correct. I may say that he has as a witness, in corroboration of his testimony, the statement and reports of the Wall Street Journal, as to what happened to the lead and zinc industry once the barter program was curtailed.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CARROLL. Let us assume that we retain in the bill section 5. It is section 5 which extends the barter program, is it not?

Mr. HUMPHREY. That is correct.

Mr. CARROLL. Is there a mandate in section 5 which compels the Secretary of Agriculture to barter more extensively than he has heretofore?

Mr. HUMPHREY. Yes; there is. The purpose of our amendment is to get the Department of Agriculture off dead center. That is where it is presently with respect to the barter program. The amendment directs the Secretary of Agriculture, insofar as practicable—of course, it gives him leeway, so probably I should say it indicates to the Secretary of Agriculture that Congress would like to see barter used as a part of the total program of disposal of our agricultural commodities.

Mr. CARROLL. Mr. President, will the Senator yield for one more question?

Mr. HUMPHREY. I yield.

Mr. CARROLL. Does this interfere with section 1? In other words, does the Secretary of Agriculture still have complete discretion to dispose of our surplus commodities for foreign currencies?

Mr. HUMPHREY. It should be interpreted to mean, as the tradition and history of the legislation shows, that sales for foreign currencies are on a premium and have priority. No one is saying that the whole emphasis should be on barter. Not at all. In fact, there is a limitation in the measure as to how much can be bartered. It is both a goal and a ceiling. The amount which can be bartered is one-third of the amount which can be sold.

Mr. CARROLL. The goods which are received by virtue of the barter program, if they are strategic and critical materials, would go into the stockpile. Is that correct?

Mr. HUMPHREY. That is correct. It is a choice of whether we want wheat, which will deteriorate, or a commodity which, under the provisions of the bill, must be one which is less susceptible to deterioration and which involves less cost for storage.

Mr. CARROLL. I should like to ask the Senator a question on this point. Are lead and zinc and tungsten and copper—

Mr. HUMPHREY. They go into the stockpiles.

Mr. CARROLL. Is it not the position of the Under Secretary of the Interior, that these materials, once being subject to the barter program, should move into the stockpile, and in that way give some stability to the domestic price of these materials?

Mr. HUMPHREY. That is the contention of the Under Secretary of the Interior, to whom the Senator from Colorado has referred. I believe it is Mr. Shannon.

Mr. CARROLL. Mr. Shannon testified for Mr. Hatfield Chilson, Under Secretary of the Interior.

Mr. HUMPHREY. I should like to answer the Senator's question more specifically. I have in my hand the current list of strategic and critical materials for stockpiling, issued by the Executive Office of the President, Office of Defense Mobilization. Included in the list are such items as tungsten. The Senator is interested in that.

Mr. CARROLL. Yes; and lead.

Mr. HUMPHREY. Lead.

Mr. CARROLL. Zinc.

Mr. HUMPHREY. Lead, zinc, manganese ore, mica, copper, bismuth, agar, asbestos, cadmium. Even castor oil. There are 70 such items.

Mr. CARROLL. Castor oil is not a mineral.

Mr. HUMPHREY. It is a strategic material.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CARROLL. As I continue to read the hearings in this matter, I observe that the Wall Street Journal of June 5, 1957, said:

Last week, the Agriculture Department resumed barter deals.

The point is this: They had previously suspended barter deals which, as I have indicated, would have been beneficial to depressed mining areas. By taking this action the Agriculture Department caused great suffering in Colorado and other mining areas of the West, wherever lead, zinc, tungsten, and other important metals are mined.

If the Department of Agriculture has resumed barter negotiations, as the newspaper report indicates, what is the reason for concern and worry about it?

Mr. HUMPHREY. The Senator from Colorado has gone right to the heart of one of the matters which has been discussed. It is true that the Department has published new regulations which indicate a resumption of barter; but those regulations are so restrictive in the criteria which have been set forth as to how bartering can be conducted, what can be bartered, and where bartering can be carried on, that, for all practical purposes, it becomes an exercise in theory rather than reality.

Mr. CARROLL. In other words, it is not the same kind of barter program that was previously in existence?

Mr. HUMPHREY. Not at all. For example, now it is necessary to produce a certificate of additionality. Let me explain what that means. A company that wishes to barter some agricultural commodities for lead must be able to prove to the Department of Agriculture, which it is not even supposed to do in the first place, that the agricultural commodities will go into a market where there will be no displacement of dollar sales; that it will mean an additional sale of agricultural commodities beyond any possibility of sale for cash.

This suggests that the Secretary of Agriculture has such prophetic vision that he can look ahead for a year and can predict with, we might say, economic binoculars that Germany, for example, or Holland or France will buy X dollars worth of feed grains from the United States. This presupposes, of course, that the Secretary will have control over the weather, because obviously the weather will have something to do with the amount of feed grain which will be needed in any country, because the size of the crops of those countries will be conditioned on the weather.

So what the Department is saying is that anyone who wants to barter, will have to produce a certificate of additionality, as it is called, which will be proof to the Department that whatever is bartered for the commodities used in the barter transaction will be commodities over and beyond any commodities which would be purchased by the country into which the commodities will go. Even Houdini never undertook to perform that kind of magic.

Let me show what has happened to the barter program. I am referring again to the testimony of Mr. Berger, head of the Commodity Credit Corporation. Mr. Berger testified:

About 86 percent of all barter procurement has been for strategic materials.

This means that by means of barter we were able to move out of our agricul-



tural warehouses, according to the testimony, \$844 million worth of agricultural commodities which were converted into strategic materials. More than half of the materials were earmarked for the strategic stockpile. We disposed of \$844 million worth of surplus agricultural commodities, which were subject to deterioration.

Those are the agricultural commodities about which the Reader's Digest writes to scare the people. They are the agricultural commodities which some people said would spoil, such as milk and butter.

Mr. LONG. And potatoes.

Mr. HUMPHREY. That was when they wanted to complain about the agricultural program.

Mr. President, \$844 million worth of surplus products were moved out and traded for lead, zinc, manganese, industrial diamonds, and a host of other commodities which do not deteriorate, the value of which has gone up \$55 million since we obtained them.

The saving on storage alone for the agricultural surplus products is at the rate of \$103 million a year.

Eighty-six percent of all bartering has been for this kind of goods. But the Department of Agriculture says, "We want no more of this." I suppose what they want is to have the surplus agricultural commodities deteriorate, or the butter spoil, or the milk become rancid.

Mr. CARROLL. Does the Department give any specific reason for this?

Mr. HUMPHREY. Oh, yes. The reason is given in the testimony. By the way, Mr. Berger, in his testimony, told how these arrangements were made. He said:

The prospective contractor's offer would set forth the quantity of material involved, the unit price at which the material was being offered, proposed delivery schedules, and related factors. Assuming that the material was one approved for barter acquisition by ODM—

Remember? They even went to the Office of Defense Mobilization to get approval—

we would consult with materials experts of the General Services Administration to determine existing stockpile inventories of the material, whether or not the offering price was at or below the current market price for the material and that barter acquisition would not unduly disturb market prices or otherwise interfere with availability of the material to private industry.

On that basis, \$844 million worth of deals were made. That seems pretty sensible to me. The Department made certain that the market was not disturbed. They made certain that private industry was not being denied. They made certain that the current price was fair. They made certain that the deal was to the benefit of the Government of the United States. That was the testimony of the man who runs the Commodity Credit Corporation.

Mr. Walter C. Berger, the Administrator of the Commodity Stabilization Service, told the Senate committee how his agency operated the barter system, and apparently he was quite proud of it. He said:

Ordinarily, such a contract would call for material deliveries over a period of up to 2 years—for a few contracts the delivery period was 6 years—and would normally permit the barter contractor to obtain for export during such period any agricultural commodity which CCC was offering for export sale.

In other words, the barterer could come in, look around, see what surplus goods were on the shelf, and pick out a \$100 million worth of goods which were accumulating and were in danger of spoilage. He would pay the price which the Commodity Credit Corporation asked. The Commodity Credit Corporation put a tag on the surplus commodities, and it was a price which was profitable to the corporation. The department bartered those agricultural commodities for strategic materials.

Despite that testimony, the Department of Agriculture now says, "We want no more of that. We are stopping it."

The Senator from Colorado asks, "But did they not renew it?" Yes, they renewed it, but they renewed it by putting chains around the arms and legs and binding the body with adhesive tape. They said, "Now if you want to do acrobatic stunts and handsprings, you can try to do so."

I have said a dozen times that I prefer title I sales, but I am sick and tired of hearing the Department of Agriculture complain about surpluses. I am tired of having the Secretary come to Congress and say that the surpluses last year and the price support operation losses last year cost more than \$3 billion. I am tired of hearing him complain about the amount of surpluses when he has the authority to exchange the surpluses for manganese, for jewel bearings, for industrial diamonds, and for platinum.

I want the Department of Agriculture to send one of its henchmen here. Are they here? They are generally around outside somewhere. I want them to send here someone who will send in to us on a slip of paper the reason why they refuse to take diamonds or platinum for wheat.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. O'MAHONEY. I should like to obtain some information. I am sorry the Senator does not have before him the representatives of the Department of Agriculture, so that they can be cross-examined.

Mr. HUMPHREY. I had them before the committee once, I may say to the Senator from Wyoming.

Mr. O'MAHONEY. But they are not here.

Mr. HUMPHREY. That is correct.

Mr. O'MAHONEY. Those of us who do not have the good fortune to be members of the Committee on Agriculture and Forestry are deprived of the opportunity the Senator from Minnesota enjoys.

Is it possible that the Department of Agriculture has decided that it would not be in the public interest to administer the law which Congress passed and the President signed?

Mr. HUMPHREY. Mr. President, the Senator's insight into these matters is exceeded only by his eloquence and logic. What he has just said had never before dawned on me. But in view of the happenings around this city, it is quite possible that the Department of Agriculture has literally decided not to administer at least a part of the law which the Congress passed and the President signed.

Mr. O'MAHONEY. Is not the Senator from Minnesota aware of the fact that the city of Washington is overflowing with lobbyists, and that for a long period of years, antedating this administration, I am sorry to have to say, the Congress has been delegating away its legislative power to the Executive, and that, as a result, lobbyists seek to obtain positions of influence with the executive departments, in order to obtain interpretations of the laws which were not meant by the Congress or by the President when the laws were passed?

Mr. HUMPHREY. Again I think the Senator from Wyoming is placing his finger directly on one of the developments in the Government. I say most respectfully to him—as I have said again and again in this debate—that the change we are recommending in the bill reported by the committee—

Mr. O'MAHONEY. The Senator from Minnesota is referring to a committee amendment; is he not?

Mr. HUMPHREY. No; I am referring to the committee bill which amends Public Law 480.

Mr. O'MAHONEY. What will that bill do?

Mr. HUMPHREY. The bill will do two things: First, it will extend Public Law 480 for the sale of American surplus agricultural commodities. Second, it will amend the barter section, so the Secretary of Agriculture will be directed, insofar as it is practicable, whenever he can barter an agricultural commodity which will deteriorate, for a commodity which will not deteriorate, and whenever he can barter an agricultural commodity upon which the storage charges are higher than the storage charges on such other materials, and whenever such other materials can be used in terms of our overseas programs in our national security and our national interest, to proceed to do so. In other words, under those circumstances the Secretary of Agriculture will engage in such bartering. Of course, that is what the law provided in the first place.

Mr. O'MAHONEY. Is there any opposition to the provision now suggested?

Mr. HUMPHREY. I have been encountering some.

Mr. O'MAHONEY. Has such opposition been expressed on the floor of the Senate?

Mr. HUMPHREY. Yes; and it has been expressed along the following lines: first, that that would disrupt the markets; second, that it would flood the United States with such materials; third, that it would be bad for our foreign policy.

Mr. O'MAHONEY. Did the State Department take any position on this matter?



Mr. HUMPHREY. The State Department has taken a position as firm as any position taken occasionally by the State Department; it has taken a position as firm as the Rock of Gibraltar. In short, the State Department is opposed to this proposal. The State Department was opposed even to the barter arrangement we previously had.

Mr. O'MAHONEY. Never in the past 5 years have I heard the State Department referred to as resembling the Rock of Gibraltar. Why does the Senator from Minnesota now use that phrase in referring to the State Department?

Mr. HUMPHREY. I used it only when referring to the inflexibility of the State Department in regard to this matter.

Mr. O'MAHONEY. Is the State Department opposed to the amendment which has been agreed to by the committee?

Mr. HUMPHREY. Yes; there is no doubt about it.

Mr. O'MAHONEY. How about the Department of Agriculture?

Mr. HUMPHREY. The Department of Agriculture likewise is opposed.

Mr. O'MAHONEY. So this is a committee recommendation to upset the policy recommended by the Department of Agriculture and the Department of State; is that correct?

Mr. HUMPHREY. Yes.

#### PROPOSED FEDERAL TRADE COMMISSION JURISDICTION TO PREVENT MONOPOLISTIC ACTS IN MEAT AND MEAT-PRODUCT COMMERCE

Mr. O'MAHONEY. Mr. President, I am grateful to the Senator from Minnesota for his prompt and complete answers to my questions, and I am obliged to him for yielding to me.

Since he has yielded, I wish to take this opportunity to announce that, as I understand the matter, after the pending bill has been disposed of, the next order of business will be Calendar No. 706, Senate bill 1356, a bill which has been reported by the Judiciary Committee. The bill would make the Federal Trade Commission, rather than the Department of Agriculture, the agency having jurisdiction to prosecute antitrust and monopolistic practices in the meat-packing business.

Let me take this opportunity to say—if the Senator from Minnesota will indulge me—that it will be my purpose to show that, if the bill is passed and is enacted into law, we shall be taking a long step toward restoring economic freedom in the United States.

I am aware that the American Meat Institute and the large packers and the big chain stores are seeking to convince the producers of livestock that they, the processors, are the best friends of the producers, and that the producers can profitably allow the processors to escape regulation in the public interest, because it is alleged to be good for the producers of livestock to be led around as though they were members of the livestock herds—in other words, by rings in their

noses—by the processors to whom they sell their product.

Mr. President, I wish to say that I am satisfied we can demonstrate that if economic freedom in American agriculture is established by vesting in the Federal Trade Commission—which was intended to assume it—such jurisdiction and the power to supervise such violations of the antitrust laws, there will be fewer violations.

I give this notice because I believe the question is one of the greatest importance.

I hope all Senators who are interested in making the United States the home of economic freedom, as well as political liberty, will be on hand when the bill is brought up, to pay attention to the debate.

I thank the Senator from Minnesota very much.

Mr. HUMPHREY. Mr. President, I am very happy to have the benefit of the Senator's announcement. I shall be in the Chamber to listen to the debate and to the study he has made of this important matter.

Mr. O'MAHONEY. I thank the Senator from Minnesota.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Mr. HUMPHREY. Mr. President, I shall conclude on this point by stating that the testimony of every witness, without exception—save the witnesses on the part of the Department of Agriculture—was that the barter program had not supplanted normal marketing, but had supplemented it; and all the companies are in the cash-grain business.

In particular, I call attention to the testimony given by the representative of the Continental Grain Co. When Mr. Samuel H. Sabin, its vice president, testified and placed his statement before the committee, he analyzed the report of the Department of Agriculture and the recommendation of May 28, 1957.

I read the following from Mr. Sabin's statement:

The basic premise of the revised requirements is that proof satisfactory to CCC must be presented to the effect that each barter contract results in a net increase in exports of the agricultural commodity involved. This premise is apparently based on an assumption that under the previous barter program, the agricultural commodities sold in world markets would have been sold for dollars in any event. The principal reason for this assumption seems to be the fact that agricultural commodities originating from barter contracts have been sold to certain European countries financially able to pay dollars.

This hardly seems sufficient grounds for cutting back on the legislative intent of title III, of Public Law 480. It is a natural result of the barter program that the sales of the agricultural commodities obtained through barter would be sold for dollars or currencies readily convertible into dollars since the counterpart strategic material must be paid for by the grain exporter in dollars.

Furthermore, we are, of course, confronted with the problem of exportable surpluses from other countries which are purchased by the very same buyers able to pay dollars for our own surpluses, and these foreign buyers are acutely conscious of any price advantage. While CCC attempts to keep its export prices competitive, there are times when the availability of surplus commodities obtained under barter permits the trade to make export offers and effect sales which would otherwise be lost.

He was saying that when dealing with an importer in Holland or in France or in Belgium or in England, one is dealing not with a social worker, but with a shrewd businessman who will buy where he can buy the commodities at the lowest price—which is a good, healthy, normal attitude to be taken by someone who is in business to make a profit.

The only way the American seller can make a sale in that market is by competing on two items—quality and price. Therefore, the argument the State Department and the Agricultural Department make, that we are displacing cash sales, falls on its face. The fact is that if the seller has a price low enough, he will get a cash sale without barter. The only advantage of the barter transaction is that it gives it the company handling it gets a sort of discount, and the company is able possibly to quote a slightly lower price in competition with another seller from another country. That is the only advantage.

Mr. Sabin continued:

In practice this company, and we believe the grain trade generally, has never hesitated to forgo any possible barter advantage accruing to itself in order to effect sales which would be lost by the United States to other exporting countries if based on CCC's published price.

Thus in our view, USDA has failed to establish its main premise and the Secretary should continue to exercise the barter authority which the law states is "in addition to other authorized methods and means \* \* \*." A barter which effects the delivery of a valuable strategic material, which is durable and economically storable, and which furthermore assures the exportation of an equivalent value of a perishable United States surplus agricultural commodity would seem most advantageous to the United States Government.

That is the testimony of Mr. Sabin. It is backed up by the vice president of the Continental Grain Co., Mr. Edward W. Pierce.

I have a letter from the Calabrian Co., of New York City, one of the large concerns doing a great deal of bartering. It has answered some of the comments of the Department of Agriculture. The letter reads, in part:

Rumors are now circulating grain circles that Mr. Benson (in a letter supposedly written by Mr. Berger) has been piqued by the Senate action in that he feels Administration sacred toes are being stepped upon. It is a pity indeed that Mr. Benson and his aides, after openly flouting Congressional authority and intent for the past months has suddenly become insulted when Congress took definite steps to assert its Constitutional prerogatives. It is also a pity that conditions reached such a sad state as to make it necessary for Congress to use its authority in unmistakable language.



It is also pathetic that Agriculture can continue to ignore logic in their arguments and repeat their confused and unintelligent remarks thereby hoping to make them become respectable by continuous repetition. It does not make any difference that their two main arguments:

- (1) Barter is displacing cash sales; and
- (2) We are hurting Canada by our barter sales, are paradoxical.

I think that is quite interesting. If barter is displacing cash sales and at the same time we are hurting Canada by our barter sales, I do not see how we can have both shoes on at the same time.

I continue reading the letter:

Obviously, the fact that the claim we hurt Canada refutes their claim that barter displaces cash sales makes no difference to them. Also the fact, their claim that we hurt Canada, smacks of insincerity, phases then not at all. First of all if indeed we hurt Canada, which is questionable, then we could hurt them only by our wheat sales.

I submit that there are many other commodities in the Commodity Credit Corporation eligible for barter besides wheat.

Continuing with the letter:

However, in their stubborn anxiety to kill barter they overlook this simple inconsistency. Furthermore, they ignore:

1. The barter program has helped considerably another segment of the Canadian economy metals and minerals.
2. We have been restricted to sales of commodities as a matter of practice to friendly countries, whereas Canada has no such inhibitions. Only last week they sold to Red China, and the trade is bracing themselves for more of such trades.

We appreciate very much your enclosed Senate bill 3420 and accompanying report.

The letter is signed by Charles A. Cogliandro, of the Calabrian Co., of New York City.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. YOUNG. Is it not true that Canada has been opposed to all the provisions of Public Law 480?

Mr. HUMPHREY. I think our friends in Canada have not been happy about Public Law 480. I compliment the Government for administering Public Law 480 carefully, to see to it that the foreign-policy aspects of it are not injured. I want to see Public Law 480, as the Senator from North Dakota knows, administered in a way that is helpful, and not injurious, either to ourselves or our allies. I wish to do everything I can, within reason, to be of help and to be kindly to our friends in Canada, but I say, most respectfully, to our friend in Canada, their dollar is worth every bit as much as our dollar is.

Mr. YOUNG. It is worth more.

Mr. HUMPHREY. Canada's currency is solid. Canada's only overproduction problem is in wheat, but our overproduction is in more commodities than that, and I see no reason for American farm producers to drop dead merely because somebody says the law is going to make somebody unhappy. Our farmers have been unhappy for such a long time that they have difficulty smiling.

Mr. YOUNG. If we were to sit back and have no program to promote increased exports of our surpluses, we

would probably please other countries which also have surpluses, but we would certainly not be doing justice to the rest of the world. How can we sit back with all these surpluses and not make them available to the hungry people of the world? I think we would be more subject to criticism for not making our surpluses available than we would be if we followed our present course of trying to make our surpluses available to food deficit countries.

Mr. HUMPHREY. I thank the Senator.

I wish to point out that in every barter deal dollars are involved. The argument of the Department of Agriculture about barter deals displacing cash sales falls flat on its face. First of all, the only way a barter deal is ever made is if the barterer converts the commodity into dollars, which dollars are then used to purchase minerals or materials in other countries. So if one of our objectives is to be able to get dollars into dollar-deficit countries, one of the best ways to do it is by barter.

Mr. YOUNG. Will the Senator yield further?

Mr. HUMPHREY. Yes.

Mr. YOUNG. I have always believed the Canadians were among our best friends in the entire world. I would have more sympathy with them, however, and with their problem of farm surpluses, if they tried to do something, as we are, to curtail their production and if they did more, as we are, to try to export their surpluses. I do not see how they can sit back, without any curb whatever on production, increase their production all the time, and then expect us to solve their problem for them.

Mr. HUMPHREY. I could not agree more.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Louisiana.

Mr. LONG. As the Senator knows, there is going to be considerable opposition to the effort to extend the Reciprocal Trade Act. Those who oppose the extension of the Reciprocal Trade Act will contend that the trouble with it is that it is not reciprocal. It will be said that while some of the other countries take some of our markets, often we get taken in many respects, because we never get a market when we give up some of our markets. Certainly, the provision now being debated is reciprocal, because if we give something, we get something in return. We give a market and we get a market.

Mr. HUMPHREY. Certainly. One of the arguments I heard on the floor last night about this bill and its provisions was that it would have a tendency to raise prices in America.

The Department of Agriculture issued a report which showed that Public Law 480 had tended to raise agricultural prices. That is one of the objectives we seek. The barter provisions of Public Law 480 have had a tendency to firm up the metals market when the barter provisions were used. The testimony is clear and unmistakable.

I wish we good Americans would recognize that in a world of competition there is nothing wrong with competing. I wish we would recognize, whether we use barter or do not use it, we are not going to make sales unless we offer a good commodity at the right price. I wish we would recognize that our friends in West Germany, France, Belgium, Holland, Denmark, Japan, or wherever they may be, are tough dealers. They are rugged traders. I love them for it. All the more power to them. They are out to get some business. I see no reason why this great free enterprise, competitive system of ours, under which we compete at home for every sale, should not enable us to compete abroad.

All barter means is an additional way of trading. It does not supersede something else. It is an additional means for trading. One can sell merchandise for cash, one can sell merchandise for credit, or one can sell merchandise on time payments. That is all it is. What would the American businessman think if we passed a law which said to him, "The only way you can sell anything is for cash." I am afraid the whole American economy would fall flat on its face.

We are being asked to limit the Department of Agriculture in its ability to dispose of surpluses in a legitimate manner, after consulting with all the agencies of Government and taking into consideration every conceivable factor. There are people who insist we should limit the authority and the power of the Department of Agriculture to dispose of these surpluses.

Let us have no more talk about surpluses, if we are not going to permit the Department to make use of them. Let us have no more talk about the cost of storing surpluses, if we are unwilling to barter for materials which involve little or no storage charge.

I want those who oppose this proposal of mine, or this proposal of the committee, to explain how they are going to justify the expenditure of an extra \$100 million a year in storage charges. With respect to the \$844 million worth of agricultural commodities which have been bartered, the Government of the United States has made \$55 million net profit, and put it in its jeans. That is not bad in this day and age when a recession is underway.

Furthermore, the Government has saved \$103 million every year in storage charges. That sum may not be much to the State Department, to the Department of Agriculture, or to some others, but to the folk I represent in Congress, \$103 million a year is a sizable contribution.

I say to my colleagues that before they follow the line laid down by the lobbyists in the reception rooms, sent here by the administration to upset the proposal of the committee, they had better be prepared to announce to their constituents that again they took the advice of the Department of Agriculture, which will result in piling up more surpluses, in waste and deterioration of surpluses, and a continued high cost of storage, when we could have bartered at least an appreciable amount of these commodities



every year—up to \$500 million worth—for materials which had as much value as the agricultural commodities, or more, for commodities which were cheaper to store, which were not subject to deterioration, and which were needed for our national economy.

I want to be around when somebody explains to the wheat farmer or to the cotton farmer or other farmers that we have decided Ezra knew better than anybody else.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. HUMPHREY. I yield.

Mr. LONG. I believe the explanation should also include why Senators voted for economic support for some of these same countries—to give them money—when we could have traded with them and permitted them to have some of the commodities they needed.

Mr. HUMPHREY. I join with the Senator. Some of the very countries which would be involved in a barter arrangement would not only be getting the goods they need, but would also be getting American dollars. We must remember that the commodities which the bartering company obtains from the Commodity Credit Corporation are sold and made available to get dollars. The dollars are used in the countries where American loans are going, where American military assistance and economic assistance is going. I see no reason why the people of those countries should not earn a dollar from a reasonable barter agreement.

Mr. President, I send to the desk an amendment which would modify the committee amendment, by striking out section 6 on page 4—both subsections (a) and (b)—and, on page 3, line 8, inserting "strategic and other" before the word "materials."

The purpose of the amendment is twofold. First, it will leave the reference in the Agricultural Act of 1956 pertaining to the supplemental stockpile exactly as it is, which means in substance that strategic, critical, and other materials are eligible for the supplemental stockpile. Secondly, the so-called duty-free provisions will apply only to the strategic materials.

The distinguished Senator from Florida [Mr. HOLLAND] pointed out my error yesterday, and the Senator was correct. I have studied the matter carefully. I have consulted with committee counsel. I am therefore offering an amendment to strike out section 6, on page 4, and to insert on page 3, line 8, after "(a)" and before the word "materials" the words "strategic and other," which will make the language of the provision the same as the language of the Agricultural Act of 1956, relating to stockpiling of strategic and other materials.

Mr. President, I believe I am correct, after having consulted the Parliamentarian, in stating that since the amendment is a refinement of the committee language it has precedence over the pending amendment.

The PRESIDING OFFICER. The perfecting amendment concerning the language to be stricken out takes precedence over the pending amendment.

The clerk will state the amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 3, line 8, after "(a)", it is proposed to insert the words "strategic and other", and on page 4, beginning on line 17, to strike out section 6.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota to the committee amendment.

Mr. HUMPHREY. Mr. President, the amendment would make section 303 and section 302 identical as to the description of materials. The amendment would retain the directive to the Secretary as to barter which is contained in the committee bill, and would retain the authority in the present law to transfer to the supplemental stockpile strategic and other materials.

The amendment would limit the duty-free aspects to strategic materials. If the Department of Agriculture wants that provision extended to other materials, the Department will have to come before the committee and make its own presentation. It was the Department which asked for the duty-free aspect on strategic materials.

It seems to me the amendment will accomplish some of the purposes which were referred to yesterday, and should be helpful. It will not in any way change the basic law relating to stockpiling.

The amendment directs the Secretary of Agriculture to be considerate of both strategic and other materials in his bartering arrangements.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. AIKEN. Would the amendment proposed by the Senator provide that only strategic materials could be brought into the country duty-free?

Mr. HUMPHREY. That is correct.

Mr. AIKEN. Would it also mean that any other materials, as referred to on page 3, which are brought in by reason of barter, shall not be transferred to the stockpile?

Mr. HUMPHREY. No; it would not. It means exactly the opposite. It means that the strategic and other materials shall be available, as the act now provides, for the supplemental stockpile. That is what the present law provides.

Mr. AIKEN. The Commodity Credit Corporation can continue to hold them indefinitely.

Mr. HUMPHREY. My proposal provides exactly what the present law provides.

Mr. AIKEN. It refers to strategic and other materials. What does the Senator mean, on page 3, by saying that "strategic and other materials of which the United States does not domestically produce its requirements" may be bartered for?

Mr. HUMPHREY. It means that section 206 of the Agricultural Act of 1956 prescribes at present.

Mr. AIKEN. This means that the Secretary can barter for nonstrategic materials.

Mr. HUMPHREY. That is correct.

Mr. AIKEN. Up to \$500 million.

Mr. HUMPHREY. That is correct.

Mr. AIKEN. It does mean, however, that nonstrategic materials cannot be brought into the country duty-free.

Mr. HUMPHREY. That is correct.

Mr. AIKEN. But strategic materials may be.

Mr. HUMPHREY. They may be.

Mr. AIKEN. Suppose strategic materials are bartered for, and are not acceptable to the stockpile. Are they subject to duty, or not?

Mr. HUMPHREY. Whether they are acceptable to the stockpile or not, strategic materials once bartered for by the Department of Agriculture are duty-free.

Mr. AIKEN. That would include lead, zinc, and so forth.

Mr. HUMPHREY. That is the provision of the present law.

The provision is:

Strategic materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products may be entered, or withdrawn from warehouse free of duty.

What I have done is merely to restore the law as it was.

I confess that in the committee discussion of this subject there was an inadvertent error with reference to the revision of Section 206 of the Agricultural Act of 1956, so we have restored the language.

Mr. AIKEN. It still leaves a virtual direction to the Commodity Credit Corporation to barter up to \$500 million, even if it comes out of dollar sales or displaces dollar sales.

Mr. HUMPHREY. It does not, except that it states that the materials shall be strategic, and other materials, so that there can be no doubt about the will of the Congress.

Mr. AIKEN. It would eliminate the provision of the present law which requires the Secretary to protect the interests of the Commodity Credit Corporation and the United States.

Mr. HUMPHREY. That provision is not eliminated. The report takes care of that. The legislative history will take care of that matter.

The only reason certain specific language was eliminated from the proposal was that it was on that particular phrase or clause that the certificate of additionality was predicated.

Mr. AIKEN. It still requires the Commodity Credit Corporation to carry these goods until they can be disposed of.

Mr. HUMPHREY. The situation is the same as under the present law.

Mr. AIKEN. Under the present law, unless the commodities could be accepted in the stockpile, the Commodity Credit Corporation would have to carry them. But the Commodity Credit Corporation has no supplies of lead, zinc, or copper.

Mr. HUMPHREY. I say respectfully to the distinguished Senator that the testimony I read this afternoon, by Mr. Berger, of the Commodity Credit Corporation—

Mr. AIKEN. I would not say that the modification of the Senator from Minnesota would improve the situation much. It would improve it to the extent of requiring nonstrategic materials to be sub-



ject to payment of duty on being brought into the country. I do not see how it would prevent the bringing in of materials which are not required for the stockpile, or the supplemental stockpile.

Mr. HUMPHREY. I read from the testimony of Mr. Berger, at page 522 of the hearings:-

From the beginning of the program through last May 31, barter contracts covering \$844 million in strategic materials have been negotiated, over half of the materials being earmarked for the strategic stockpile.

The rest of them went into the supplemental stockpile, as would any new amounts beyond immediate requirements of the strategic stockpile. As Mr. Berger's testimony reveals, one of the reasons we have asked for the supplemental stockpile to include materials other than strategic was so that the Commodity Credit Corporation would not find itself in possession of commodities other than agricultural commodities.

Mr. AIKEN. Does not the latest proposal of the Senator from Minnesota permit, or, in effect, direct, bartering for strategic materials and nonstrategic and other materials, even though they are not required for the stockpile?

Mr. HUMPHREY. Of course, that is the purpose of the supplemental stockpile, under present law.

Mr. AIKEN. Strategic materials would still come in duty free.

Mr. HUMPHREY. Yes.

Mr. AIKEN. Lead, zinc, and most other minerals would come in duty free.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. ELLENDER. The principal purpose of the barter provision, as I understand, is that under title 3 we get something of value for our surplus commodities. I would prefer having zinc or other similar materials stockpiled than an agricultural commodity which might deteriorate, provided that the conditions in section 303 were met.

Mr. AIKEN. If those in charge of the program barter for \$100 million worth of industrial diamonds which are not needed, the Commodity Credit Corporation must carry them indefinitely, and they are charged up to the farm program, whereas formerly, when they were transferred to the stockpiles, we eliminated that cost.

Mr. HUMPHREY. I say most respectfully to my friend from Vermont that if I had \$100 million worth of diamonds I would not call that a liability. I do not think the Commodity Credit Corporation would either. But if I had \$100 million worth of wheat lying around in leaky ships in the harbor, or up in the Hudson River, I am not so sure that it would always be a total asset.

It is interesting to note how the Department of Agriculture can call surplus wheat an asset on one day, but the very next day say, "We are getting too much wheat, and it is a liability."

Mr. AIKEN. I would not call it a real liability.

Mr. HUMPHREY. I would not say it is a liability, either.

Mr. AIKEN. It is refreshing to know that we have enough.

Mr. HUMPHREY. But the Department wants it both ways. All the Senator from Louisiana said a moment ago was that under section 3, at least we have the opportunity to trade agricultural commodities for something of value. The proposal we are discussing refers to materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges, or materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, and so forth.

There is a limitation as to what goods we can take and for what purposes. The thing which disturbs me is that under the present situation we are denying ourselves one-third of the authority under Public Law 480. One part is for sales. Another part is for donations; and the third part is for barter. Under the present arrangement, one leg of this stool has been sawed off, or substantially shortened. All we are attempting to do is to say to the Secretary, "To the maximum extent practicable, get busy and do something. Try to barter if you possibly can."

In the report we ask him to protect the assets of the Commodity Credit Corporation. We tell him to use prudent judgment and good, sound, business sense.

Mr. Berger and others who have testified have told us about the elaborate arrangements to make sure they get the full value. I commend the barter division for doing a good job in the past. They did a good job. They made a \$55 million profit. But they have now closed up shop.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. I express my appreciation to the Senator from Minnesota for having met one of my suggestions of yesterday by moving to strike section 6 from the proposed amendment, which takes care of the question of duty-free admission of things other than strategic materials.

I notice, however, that the other suggestion which I made apparently is not taken care of in the amendment. I should like to call it to the attention of the Senator from Minnesota for such comment as he may care to make. If the Senator will look at line 8 on page 4 of the bill, he will see that the sentence which I objected to would be left unchanged in the bill and would read, as suggested by the present wording of the bill, as follows:

Materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing such materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements.

The provisions of the present law in that regard are to me quite preferable.

I am reading from section 303 of the present act:

Strategic materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing strategic materials shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements.

While I recognize that the suggestion made by the Senator in his latest amendment meets completely the point I raised with reference to the admission of goods other than strategic materials on a duty-free basis, it seems to me he has not met at all the other suggestion I made. Perhaps he did not intend to meet it.

Mr. HUMPHREY. I believe I have met the other point. If the Senator will refer to section 206 he will see why I believe I have met it. The Senator was very helpful yesterday, and I am perfectly willing to continue to get his assistance today.

We did not change Public Law 480 when we should have, after we had changed section 206 of the Agricultural Act of 1956. I hope the Senator will bear with me as I read section 206 as it will remain in the law with the perfecting amendment included:

Strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products, unless acquired for the national stockpile established pursuant to the Strategic and Critical Materials Stockpiling Act, or for other purposes shall be transferred to the supplemental stockpile established by section 104 (b) of the Agricultural Trade Development and Assistance Act of 1954.

Therefore, when we added, in 1956, the words "other materials," we also added that the other materials shall be transferred to the supplemental stockpile.

In line 8, page 4, of the bill, we are providing for both strategic and other materials. In fact, we can write in again the words "strategic and other materials."

Of course, the word "materials" covers all of them, and it means that the strategic and critical materials go to the national stockpile, which is the top, or No. 1, stockpile. The supplemental stockpile was established subsequently, and it is in that stockpile, according to the Agricultural Act of 1956, that other materials acquired by the Department of Agriculture by barter shall be placed.

Mr. HOLLAND. I understand the point the distinguished Senator from Minnesota is raising. I should like to call his attention, however, to the fact that he proposes now to strike any amendment of section 206 of the Agricultural Act of 1956 from the pending bill.

Mr. HUMPHREY. That is correct.

Mr. HOLLAND. That means that the new law bearing on this subject will be entirely contained in section 303, as he proposes to amend it.

Mr. HUMPHREY. That is correct.

Mr. HOLLAND. Unless the Senator changes the words to which I have al-



ready referred it will mean that all materials, both strategic and otherwise, will again be contained in the new law.

Mr. HUMPHREY. That is correct.

Mr. HOLLAND. What I have objected to is the provision concerning the acquiring by purchase of all other materials—both strategic and nonstrategic materials—from the Commodity Credit Corporation. That provision will then read as follows:

Materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing such materials shall purchase such materials from the Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements.

That will mean that all materials acquired in pursuance of a barter arrangement by the Commodity Credit Corporation will be held to be sufficient assets of the Corporation to the point where they are available for purchase by Government agencies that may require them.

Mr. HUMPHREY. Yes.

Mr. HOLLAND. And these Government agencies are required to purchase them from the Commodity Credit Corporation?

Mr. HUMPHREY. Yes.

Mr. HOLLAND. I come back to the point I discussed earlier. It would be detrimental to industries that are in trouble, or industries that may be in trouble, because we would be providing a preferred supply source to agencies of the Government. I gave yesterday the case of the Navy with reference to tung oil. It will make available supplies at less than cost and the sale price of the same commodity produced by our domestic people. Of course, there are many more illustrations like that, which will occur to the Senator.

It is in that respect that I think that, in order to make good the corrections we were talking about yesterday, it is completely necessary to restore the sentence which I have already read in my discussions at least 2 or 3 times, to where it will apply only to strategic materials.

Mr. HUMPHREY. May I ask the Senator—

Mr. HOLLAND. Provided it applies only to strategic materials, I shall be in a position to support the Senator's amendment and the bill. I believe such correction will meet the two objections I voiced yesterday.

Mr. HUMPHREY. Mr. President, may I ask a question of the Senator?

Mr. HOLLAND. Certainly.

Mr. HUMPHREY. Is it the Senator's understanding that the term "other materials," and the goods which would be acquired under that language, would be eligible for the supplemental stockpile?

Mr. HOLLAND. Yes; but not, as I understood the purpose of the Senator from Minnesota, eligible for sale to other agencies of the Government in such a way as to bypass a domestic industry that produces the same materials.

Mr. HUMPHREY. It is my understanding—and I may be misinformed, or I may be misunderstanding the Senator's objection—that lines 8 to 13, inclusive, are primarily directed at the Office of

Defense Mobilization or the General Services Administration, that are in charge of the stockpiling operations, to make these purchases. That is what that language essentially means. It means that materials so acquired shall be considered as assets of the Corporation, and that the other agencies of the Government, such as GSA and the Office of Defense Mobilization, shall be required to purchase those materials for their stockpiles.

Mr. HOLLAND. This does not relate to stockpiles at all. It says that materials so acquired shall be considered as assets of the Corporation, just like surplus corn or surplus wheat, and that other agencies of the Government, which is a very general term, in purchasing such materials, shall purchase—and the provision is mandatory, because it says "shall purchase"—

Mr. HUMPHREY. I believe the Senator is right.

Mr. HOLLAND. It provides that they shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements.

If the Senator restores the sentence to where the language applies only to the purchase of strategic materials, as it is in the present law, I shall be in a position to support the bill.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CARROLL. Before the Senator makes that concession I should like to call his attention to the fact that we will be affecting strategic materials which will include lead and zinc. If lead and zinc are free for the commercial market and come in duty free, we are going to be in the same position we were in 1954. I was under the impression that all the commodities bartered for either go into the national stockpile or into the supplemental stockpile.

Mr. HUMPHREY. That is correct.

Mr. CARROLL. So I urge the Senator from Minnesota not to be hastily drawn into an agreement that might release strategic materials.

Mr. HUMPHREY. I am not being drawn into anything.

Mr. CARROLL. I have a vital interest in lead and zinc. If we are going to exclude one category, I believe we had better look to see what is in the strategic stockpile so far as critical and strategic minerals are concerned.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. I am not trying to persuade the Senator to do anything. I am calling his attention to the fact that he has met one of the objections I made yesterday, but he has not met the other one. If he leaves the language so that nonstrategic materials will be in the hands of the Commodity Credit Corporation, in such a way that they are available to every other Government agency that may need them, and the Government agency is required to deal with them prior to its ability to deal with the general trade, I shall object to such a provision, because I believe it would harm some industries in our coun-

try. I do not want the act to be subjected to the carrying of a cross which I do not believe it can successfully carry.

Mr. HUMPHREY. As the Senator heard me say earlier, I was attempting to find language which would be properly restrictive, so as not to permit the vast importation of goods which would adversely affect or injure American producers, manufacturers, or processors. I felt that we had in the bill language which made that possible when we restored section 206, or rather left it intact, or removed section 6 from the bill, because, speaking now to the Senator from Colorado, we provide that so far as acquisition of any materials, strategic and otherwise, is concerned, they are eligible for the Nation's national or supplemental stockpile.

But what the Senator from Florida refers to is the warning to the different agencies of the Government that there is a stockpile agency which acquires materials. In other words, suppose the Department of Defense, the Department of Commerce, or some other department, desires to obtain goods which were acquired under the barter program. It is to this that the Senator from Florida is referring.

Mr. HOLLAND. That is correct.

Mr. HUMPHREY. There is the protection, in that sense, of denying to the agencies of Government the opportunity of purchasing from the Department of Agriculture the other materials which the Department of Agriculture may obtain.

Mr. CARROLL. This is of vital importance to the mining industry. I was under the impression that once the materials entered the stockpile, no Government agency could purchase from the stockpile. That would be to the great detriment of the domestic economy.

Mr. HUMPHREY. Exactly. That is still protected. This is over and above the items which would go into either the strategic or the supplemental stockpile.

Mr. HOLLAND. The Senator from Colorado has gone exactly to the point to which I have been addressing myself, namely, that materials in general, not strategic materials specifically, but materials in general, which could be acquired under the mandated program, would be not only held in the stock of goods available for sale by the Commodity Credit Corporation to Government agencies, but it would be required that other Government agencies which needed those goods should buy them, in the first instance, from the Commodity Credit Corporation, if they could be obtained there. That means that supplying groups, whether of an industrial, a mining, or an agricultural nature in this country, would be directly affected under the distribution programs.

I think this problem can be straightened out. I think the other amendments proposed by the Senator from Minnesota indicate that he is moving in the direction I had suggested. I hope he will move all the way. It is with that in view that I am bringing this point to his attention.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.



Mr. MANSFIELD. I note that the amendment offered by the Senator on page 3, line 8, inserts the words "strategic and other" before the word "materials."

Mr. HUMPHREY. Yes.

Mr. MANSFIELD. Would the Senator consider further amending his amendment by having it read, "scarce strategic and other materials"?

Mr. HUMPHREY. If a material is strategic, it is scarce. It reads: "Of which the United States does not domestically produce its requirements."

Mr. MANSFIELD. But we do not produce our needs in manganese and tungsten. We produce only 10 percent. Both metals have been coming in under the barter program. If "scarce" could be placed in the amendment, I think it would be of benefit to the mining industry.

The Senator from Minnesota, who comes from a mining State, knows that the iron and taconite holdings in Minnesota are, generally speaking, in a very depressed condition. I use the word "depressed" advisedly. There is not a recession in the mining industry; it is a depression.

Mr. HOLLAND. May I make an alternative suggestion? I think the point could be made in either 1 of 2 ways: By changing the word "materials," which is the first word in line 8, to "strategic materials," which is the language in the present law.

Mr. HUMPHREY. That is correct.

Mr. HOLLAND. Or, if the Senator wishes, by limiting the agencies of the Government to which this sentence refers to those charged with the duty of accumulating stockpiles, either approach would bring about the objective.

Mr. HUMPHREY. I think the best procedure would be to restore the words "strategic materials so acquired by the Commodity Credit Corporation." Thus the stockpiles about which Senators are deeply concerned, both the supplemental and the national stockpiles, would be protected.

Mr. HOLLAND. That would leave the law as it is, with two very real exceptions. Both of them, I believe, were in the minds of the Senator from Minnesota and other Senators. One is that a much stronger mandate is placed upon the Secretary of Agriculture to use the barter power than heretofore. The second is the provision that both the domestic and foreign stocks may be used in blending ore, such as was discussed before on the floor, under the new wording put in the bill.

Mr. HUMPHREY. That is correct. It sets a ceiling or a goal upon bartering.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. Would not the Senator be willing to place in his proposed amendment the provision in the present law which safeguards dollar sales?

Mr. HUMPHREY. No.

Mr. AIKEN. It virtually directs the Secretary to barter up to \$500 million.

Mr. HUMPHREY. That has been the whole argument with the Department of

Agriculture. If we put back what they have been resting their case on to stop bartering, then our proposal has been but exercise. Frankly, I am not that hungry for exercise.

I am of the opinion that we have done what needs to be done. I appreciate the thoughtful discussion which has been contributed by Senators on this matter. It seems to me that with the amendments which have been proposed and the clarifications which have been made, for which I owe much to the Senator from Florida, we have an acceptable measure. It does exactly what we have sought to do—to get the Department of Agriculture to look upon bartering not as a runaway dumping device or as a means not to be used, but rather as another of the instruments or tools to be used in the orderly disposal of the sale and use of agricultural commodities.

I modify my amendment along the lines suggested by the Senator from Florida. On page 4, line 8, before the word "materials," I insert "strategic," which brings the language into conformity with the established pattern of the Department of Agriculture used up until May 28 in the acquisition of and the disposal of strategic materials.

That pattern, I may say to my friends from the mining areas, was helpful so long as it was being exercised to stabilize the market and the price structure of our minerals, both in the United States and abroad.

I think we have all the protections we need, in light of the fact that both the supplemental and strategic national stockpiles are available for the strategic and other materials acquired. Once they are in those stockpiles, then they are to be taken out only in case of deterioration, war, or by act of Congress.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CARROLL. I commend the junior Senator from Minnesota for a very clear exposition of a difficult question. One could almost use Colorado as exhibit A. In the plains area are great numbers of wheat farmers. They will have surpluses. In the mountain areas are the lead and zinc. There a depression exists; mines are closing and unemployment is growing.

As nearly as we can balance off the surpluses, we can use the bargaining program which the Senator has tried to reactivate. It was once a good program. I do not know why it was abandoned, except on the theory that the cash sales were desired.

The Senator from Minnesota has made a notable contribution to the public understanding of this matter. He is suggesting one of the ways by which we can reduce the storage costs and the great surpluses.

I hope the Senator, in the interpretation of his amendment, will give protection to the mining industry.

Mr. MANSFIELD. The Senator from Colorado is absolutely correct. When the stockpile program was inaugurated by the United States Government, lead and zinc began to come into the country

and compete in the open market. From that time onward, prices were depressed, not because of the competition that followed, but because of a lack of buying from the stockpile.

Mr. HUMPHREY. It was because of the lack of absorption, and of commodities coming in without being added to the stockpile.

Mr. CARROLL. That is precisely the point. In 1954 the Tariff Commission was given this problem to study and solve. They made recommendations to the President of the United States, which hung fire for a period of time, until this barter program was reactivated or was put into action by the Department of Agriculture.

The junior Senator from Minnesota has made a great contribution by explaining the working of the whole program.

I wish to ask one more question for the RECORD: By means of the amendments, will the bill leave the barter program where it was before?

Mr. HUMPHREY. No. By means of these amendments, the bill will leave the procedure for stockpiling as it was before, and will leave as it was before the procedure for the ascertainment of whether a deal would be worth while and whether it would bring in substance of value. But these amendments would remove from existing law the language which permits the Secretary of Agriculture to withhold bartering, on the basis of a belief by him that it would interfere with dollar sales. In other words, these amendments would give a limited directive; they would say that, so far as practicable, the Secretary of Agriculture would be directed to engage in bartering, within the limitations which have been written into the bill and into the amendments which have been accepted—those which the Senator from Florida [Mr. HOLLAND] suggested in the course of his participation in the debate both yesterday and today.

Mr. CARROLL. I did not quite finish my question. I observe that on page 577 of the hearings, the representatives of the Department of Agriculture reported that the Department has in certain stockpiles approximately \$310 million worth of certain commodities, for instance.

Mr. HUMPHREY. Yes.

Mr. CARROLL. Some of those commodities or materials, valued at \$135 million, were transferred to the national stockpile; and certain of them, valued at approximately \$175 million, were transferred to the supplemental stockpile.

Mr. HUMPHREY. That is correct.

Mr. CARROLL. I wish to be certain that, under existing law, those critical and strategic materials in the stockpile cannot be sold in the open market. Is that correct?

Mr. HUMPHREY. Yes; it is correct.

Mr. CARROLL. In the case of this proposal, the amendment is the same as the law existing today, is it?

Mr. HUMPHREY. Absolutely—

Mr. CARROLL. Except in the case of extending and expanding the barter program?

Mr. HUMPHREY. Yes.



# PROPOSED INCREASE IN DUTY ON IMPORTS OF CANADIAN GRAIN UNFIT FOR HUMAN CONSUMPTION

Mr. LANGER. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. LANGER. A few days ago I received from certain operators of North Dakota elevators and from other North Dakota citizens letters stating that there is only a 5-cent duty on the imports of Canadian wheat which is unfit for human consumption. They want to have the duty raised.

In that connection, I wrote a letter to the distinguished chairman of the Committee on Agriculture and Forestry, the senior Senator from Louisiana [Mr. ELLENDER]. In that connection, a report was requested from the Department of State.

Believe it or not, Mr. President, the Department of State has objected to an increase in the duty; it did not want the duty increased. It said it was opposed to such an increase because it wished to maintain friendly relations with the Canadian Government.

On yesterday, we had under discussion that Canadian situation, in connection with this bill, as the Senator from Minnesota will remember.

It seems to me that when American farmers object to the importation of poisonous grain, grain which is entirely unfit for human consumption, and when they want a reasonable duty—of 15 or 20 cents a bushel—imposed on it, neither the Department of Agriculture nor the Senate Committee on Agriculture and Forestry should be swayed by what may be written in by some clerk.

Mr. HUMPHREY. Mr. President, I am sure the Senator from North Dakota will be very happy to know that this morning the Committee on Agriculture and Forestry, at the request of the junior Senator from North Dakota [Mr. YOUNG] and the request of the chairman of the committee, the senior Senator from Louisiana [Mr. ELLENDER] and, I believe, the request of the Senator from Florida [Mr. HOLLAND], moved to report to the Senate the bill to which the Senator from North Dakota refers. I believe it is Senate bill 666.

Mr. HOLLAND. What bill is that?

Mr. HUMPHREY. I believe the Senator from North Dakota [Mr. YOUNG] moved that the bill be reported to the Senate.

Mr. ELLENDER. And it was reported.

Mr. LANGER. I thank the Senator from Minnesota.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 235. An act to increase from \$50 to \$75 per month the amount of benefits payable to widows of certain former employees of the Lighthouse Service; and

S. 3418. An act to stimulate residential construction.

The message also announced that the House had agreed to the amendment of the Senate to the amendment of the House to the bill (S. 2120) to authorize the Secretary of the Interior to construct, rehabilitate, operate, and maintain the lower Rio Grande rehabilitation project, Texas, Mercedes division.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 10843) to amend section 114 of the Soil Bank Act with respect to compliance with corn acreage allotments; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COOLEY, Mr. POAGE, Mr. GATHINGS, Mr. HILL, and Mr. HOEVEN were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate to the joint resolution (H. J. Res. 483) to amend the act of August 20, 1954, establishing a commission for the celebration of the 200th anniversary of the birth of Alexander Hamilton.

The message further announced that the House had agreed to the following concurrent resolutions of the Senate:

S. Con. Res. 68. Concurrent resolution favoring the acceleration of civil construction programs for which appropriations have been made; and

S. Con. Res. 69. Concurrent resolution favoring the acceleration of military construction programs for which appropriations have been made.

## AMENDMENT OF SOIL BANK ACT, RELATING TO CORN ACREAGE ALLOTMENTS

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 10843) to amend section 114 of the Soil Bank Act with respect to compliance with corn acreage allotments, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ELLENDER. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. JOHNSTON of South Carolina, Mr. HOLLAND, Mr. AIKEN, and Mr. YOUNG conferees on the part of the Senate.

## EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Mr. HUMPHREY. Mr. President, in order to make my amendment completely clear, I modify it as follows:

On page 4, in line 8, strike out the word "materials", and insert "strategic materials."

That modification will take care of the situation indicated by the Senator from Florida.

Mr. LAUSCHE. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. YARBOROUGH in the chair). Does the Senator from Minnesota yield to the Senator from Ohio?

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. I have tried to read the hearings, in order to ascertain the positions taken by the Secretaries of the various departments. But I find the task to be rather difficult.

Therefore, I should like to hear the Senator from Minnesota state the position of the Department of Agriculture and the Department of State, and also the Department of the Interior, for I believe a representative of that Department, also, testified at the hearings.

Mr. HUMPHREY. Yes.

Mr. LAUSCHE. I should also like to have the Senator from Minnesota indicate the position taken by the representatives of other departments who testified, if the Senator from Minnesota can do so without going to too much trouble.

Mr. HUMPHREY. In relation to the extension of Public Law 480, without the barter changes we are proposing, the administration, through representatives of the Bureau of the Budget, the Department of State, and the Department of Agriculture, supports the basic extension.

As regards the amendments which were proposed—

Mr. LAUSCHE. Prior to the correction?

Mr. HUMPHREY. I believe I am correct in stating that all parts of this bill—with the exception of section 303, the barter section—receive support from the Department of Agriculture.

The 2-year provision, as I recall, was not opposed by the Department of Agriculture; but neither did the Department of Agriculture support it.

Mr. ELLENDER. The Department of Agriculture did not support it in its report; but Dr. Paarlberg, who testified, urged no objection to the 2-year provision.

Mr. HUMPHREY. Yes.

So the real argument has been over section 303 of the bill, which has received opposition from the State Department and the Department of Agriculture. I cannot speak for the Department of the Interior, except to say that the witness for the Department of the Interior who testified about bartering was much more sympathetic toward it, and, in fact, encouraged an extension of bartering—as contrasted to the position taken by the Department of Agriculture, which discouraged it.

Mr. LAUSCHE. That confirms the impressions I gained from reading the testimony.

Am I correct in believing that the objections are primarily on 2 or perhaps 3 bases: First, that it would create difficulties with friendly nations who, because of this method by which we dispose of gain, through barter, are en-



countering competition in the sale of grain?

Mr. HUMPHREY. That is the assertion that is made.

Mr. LAUSCHE. Second, that this method of disposing of our surplus agricultural commodities prevents the making of transactions which otherwise would be made in the market, on a dollar-sales basis?

Mr. HUMPHREY. That is the claim.

Mr. LAUSCHE. On page 524 of the hearings, I find the testimony of Mr. Berger, who explained why the barter program was discontinued. By referring to the last full paragraph on that page, we find that he pointed out the following:

You will note that this so-called easy market—this traditional dollar market for our commodities—took only 30 percent and 31 percent, respectively, in 1955 and 1956 of United States agricultural exports other than barter.

In the tabulation previously referred to, I take it that he identified the United Kingdom, the Netherlands, Belgium and Luxembourg, France, and West Germany as potential dollar purchasers.

Mr. HUMPHREY. Yes.

Mr. LAUSCHE. And he pointed out that those who bartered, and who normally would buy with dollars, in 1955 and 1956 bought only 30 and 31 percent, respectively.

Mr. HUMPHREY. Yes.

Mr. LAUSCHE. Third, is it the position of some of the Departments that we are foisting upon other nations the acceptance of obligations, in making public improvements, which will encumber their economies to a degree far greater than they will be able to bear?

Mr. HUMPHREY. I would not say that was one of the complaints that had been made; no.

Mr. LAUSCHE. I read one complaint which expressed that view. Those two are the primary complaints.

Mr. HUMPHREY. The two which the Senator has so succinctly analyzed are the primary complaints: No. 1, that barter replaces cash sales; and, No. 2, that it interferes with our foreign relations.

I only add to the evidence on that point by stating that we had complaint about the reception of that arrangement in only 1 or 2 countries, and that was primarily in the barter program. I must say, most unfortunately, that we had some complaints with respect to the sale of certain surplus dairy products and some cotton; but in the main, considering the amount disposed of, I think the complaints were minimal.

Insofar as cash sales are concerned, I am open to conviction, but I have not found testimony to back up the contention which has been made. I think Mr. Berger himself said we did not have conclusive evidence.

Mr. LAUSCHE. While he said he did not have conclusive evidence, in my opinion the tabulation which he put in the record offers sufficient strength, in my judgment, at least to cause minds to differ, and many minds would come to the conclusion that the barter program had displaced the cash sales program.

Mr. HUMPHREY. I may say, at that point, it happens that the best years we had for exporting agricultural commodities were 1955, 1956, and early 1957. It was in those same years that we had the greatest number of barter transactions. One must go back a little further and find out how well we were doing in export sales before bartering came into effect. When one does that, he finds we were not displacing cash sales; we simply were not getting them. The only reason why a barter sale works at all is that a little better price is obtained. The reason for that is that the product is not bought from another country.

Mr. LAUSCHE. I have a final question, if I may ask it.

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. In what manner is the present law changed so as to bar the Secretary of Agriculture from considering as a factor, in making up his judgment, the invasion of barter into the field of cash sales?

Mr. HUMPHREY. I point out to the Senator from Ohio that in the report accompanying the bill it is stated that we expect the Secretary to use caution, prudent judgment, and common and good business sense. That is the advice the Congress gives to him. Also, we say he shall barter, in so far as it is practicable, providing certain requirements are met, such as that the material bartered for is more storable, has good value, and does not cost as much for storage. We are just going to have to rely on the Secretary.

Mr. LAUSCHE. If we rely upon the Secretary to use his judgment, what is wrong with the suggestion made by the Senator from Vermont [Mr. AIKEN] that there ought to be language in the amendment which will not bar him from considering the extent to which barter has invaded the ability to make cash sales?

Mr. HUMPHREY. From my point of view, the reason is very easy to understand. It is that language which has killed the barter program. It is on that very language that the Secretary has rested his entire case. It is on that basis that he stopped the program—the same program, by the way, that was in operation 2½ years, the same program which was praised as doing good and as being a good tool in our surplus disposal program. On May 28, 1957, for reasons I have been unable to ascertain, the program was stopped, and only \$400,000 worth of business was engaged in from May until October 1.

Mr. LAUSCHE. For the purpose of discussion, assume that, justifiably, and based on evidence, the Secretary of Agriculture does find that barter has hampered cash sales. What, in the opinion of the Senator from Minnesota, should the Secretary of Agriculture do under that circumstance?

Mr. HUMPHREY. I think under that circumstance he should make the cash sales.

Mr. LAUSCHE. Would the Senator from Minnesota go so far as to say that in that instance barter transactions ought to be stopped?

Mr. HUMPHREY. I would say that in that instance the Secretary of Agriculture ought to reject a barter arrangement. In other words, if he finds a cash sale can be made by a grain company—I trust they would be engaged by the private trade—he ought not to take, in its place, a barter arrangement. However, I point out that the same companies that engage in cash sales do bartering. The only reason why they sometimes engage in bartering is that they have an opportunity to make sales that could not be made for cash.

I want the RECORD to be clear that, as I stated earlier in this debate, I feel Title I sales for soft currency surely ought to have a priority type of treatment. The most important sale is for dollars. The second is for soft currency. High in the same category is barter. So if the Secretary has any doubt about how the Senator from Minnesota feels, I hope this discussion will dispel that doubt. I feel the questioning by the Senator from Ohio has been very helpful. I think whenever we can make dollar sales, we ought to pursue them.

Mr. LAUSCHE. Will the Senator yield so that I may ask the Senator from Vermont his opinion on a matter?

Mr. HUMPHREY. I yield for that purpose.

Mr. LAUSCHE. I should like to ask the Senator from Vermont for his interpretation of the discretionary power which will lie in the Secretary of Agriculture in considering whether the situation is such that barter is invading cash sales.

Mr. AIKEN. I would say the proposal of the Senator from Minnesota removes all discretion on the part of the Secretary of Agriculture. It virtually directs the Secretary to barter, up to \$500 million worth a year, even if all of it would come from what otherwise would be dollar sales. As I pointed out yesterday, a great majority of our bartering, to the extent of \$900 million, was with countries of western Europe which normally paid dollars. When we stopped the bartering, our deliveries kept up just the same. The countries paid in dollars.

Mr. HUMPHREY. I would say to the Senator from Ohio, in response to the view of the Senator from Vermont, the only reason a barter sale was made to a country in Western Europe was that the country was able to get a little better price from an American firm than from an Argentine firm or an Australian firm or a Canadian firm. Remember, if it was in Great Britain, for example, and the price was equal between the United States and a Commonwealth country, the Commonwealth country would get the business.

So we would not have had a cash sale if the cash prices had been equal.

When we talk about displacing American dollar sales, I point out that we cannot displace dollar sales if we were not going to get the sales, and we would not get them unless the price and quality were right.

The evidence which the traders have given is quite important. They are not



all cheering for barter. Every one of the companies, except one, said they were essentially cash traders. However, they said bartering aided them in cash deals. That was the testimony of representatives of the Crofton Grain Co., the Continental Grain Co., and one or two others, who appeared before the committee.

We had a half dozen or more such witnesses before the committee. We heard a representative of the Bunge Corp., which is one of the largest companies in the world. It is an international company. Every witness said without exception that there was no evidence which might be called conclusive that bartering displaced cash sales, but everyone said there was evidence barter assisted in the sales program and provided a good market.

Mr. AIKEN. Mr. President, will the Senator yield so that I may further answer the question of the Senator from Ohio?

Mr. HUMPHREY. I yield.

Mr. AIKEN. I will give the Senator an example. The Berlin, Germany, grain market is very much upset today. A rumor spread through the market that the provision advocated by the Senator from Minnesota might be incorporated in the extension of Public Law 480, and feed grains might be purchased in Germany at from 4 to 10 percent less than the normal export price. The Federal Ministry of Agriculture in Germany has had many calls this morning, and has asked the State Department to find out what the situation is and report back to them, so that they can report to the Germans who are interested in the matter.

I also wish to say that international traders working through barter, apparently did go into Western Europe last year and the year before, and slashed the price of grain—I do not know whether it was from 4 to 10 percent, or how much—to such an extent that we narrowly avoided devastating trade war with Canada, Australia, and other countries.

I am sure if the provision in the bill under consideration is adopted, we will be in a trade war. While we may sell a little more barley to Germany by reason of the provision—and barley is the commodity they have in mind—we will immediately be in a devastating trade war, which will force down the price of our wheat. When we get into a trade war involving wheat, we will get the short end of it.

The situation was so bad last year as a result of bartering that the topflight officials of Canada insisted on meeting with the topflight officials of the United States, and they entered into an understanding to the effect that the United States would stop the cutthroat trading in Western Europe, which is demoralizing not only that market but our market and the Canadian market. It is now proposed, within a year, that we violate the understanding and enter into cutthroat competition again, so that half a dozen international traders in New York can make fortunes in a very short time. That is the whole story.

Mr. LAUSCHE. May I say something to the Senator from Minnesota?

Mr. HUMPHREY. May I respond first to the rather dramatic expression I have just listened to?

We are not trying to benefit a half-dozen traders in New York. I will stake my record as to internationalism, international understanding, and international cooperation against that of the Senator from Vermont.

Mr. AIKEN. If this provision is approved, that is what will happen.

Mr. HUMPHREY. I have the most kindly attitude toward our good friends to the south, north, east, or west. There is no attempt to try to injure our friends. Just as we seek not to injure our friends abroad, may I respectfully suggest it would not be a bad idea to seek not to injure our producers at home.

When I hear, for example, that we can sell some feed grains, when we have a surplus of feed grains depressing the market to the point where the feed-grain producers are "going broke," that is all the more reason, I suggest, why we should get busy and sell some. We will not have much of a foreign-aid program or any other program if this country goes into an economic tailspin.

One of the purposes of the pending legislation is to attempt to help stabilize markets.

Mr. President, I say again that if the Secretary of Agriculture, the Secretary of State, or any other Secretary can show that the provision will injure our foreign relations, I shall be the first to join with any Senator, if it is properly handled, in putting into the bill whatever protective language or restraining language may be necessary.

Mr. President, for 2½ years the barter provisions under Public Law 480, which we are now seeking to amend, have been on the statute books. There were some complaints from other countries about dumping, but they were limited complaints. I must say, and, after careful examination, most of them were shown to be unfounded. I have had some of the complaints run down and have submitted the replies of Government departments to friends overseas.

I submit that we have gone from one extreme, where we were doing considerable bartering and the Department was praising its efforts—heralding its program—to the other, where we do no bartering.

I regret that the argument about bartering has gotten out of proportion, but the Department sought to make trouble. The Department did not come before the committee to say, "Congress will have to modify the barter provision." I wish to say to my friend, the Senator from Ohio, that not one witness from the Department of Agriculture came before the committee to suggest that there be any modification whatsoever of the law. Bartering was handled by administrative rule, or administration regulation. It went from the height of \$414 million a year down to \$400,000, in 5 months, at the same time the agricultural prices were depressed. It was all done on the basis of what was said earlier, international relations.

I know our Government officials met with the Canadians. I am glad they did,

There is nothing whatsoever to prevent us from meeting with them now and having an understanding as to what shall be done in these markets.

Very frankly, it is about time that Canada and the United States got together to decide what to do with surplus wheat, rather than competing as if we were enemies. I have noticed that some of the leaders in Canada have suggested a kind of world food bank. In fact, the present Prime Minister of Canada suggested a world food bank. That was not suggested by our Government. No, we will not cooperate on that basis. The Canadian Prime Minister suggested that we work out some of these problems through the United Nations. I commend him for his suggestion.

I do not wish to be put in the position of saying anything or doing anything which would injure our relationships with our neighbor to the north. I repeat there is no real reason why anybody or any nation should be injured. What we are asking is that the Secretary of Agriculture be permitted to barter up to \$500 million. That is up the ceiling. The bill does not say to him "You have to go that high." It says "You can go up to \$500 million."

I grant, that is a desirable goal, but if the Secretary finds, as we have said in our report, that it cannot be done on a business-like basis, with prudent judgment, following sound business practices, with respect for our national interests, then indeed he is not required to do it. I would be the first to receive suggestions in a friendly manner as to how to improve the situation.

Mr. LAUSCHE. I thank the Senator very much.

Mr. ELLENDER. Mr. President, during the debate yesterday the distinguished Senator from West Virginia [Mr. REVERCOMB] asked several questions of me with regard to the disposition of surplus commodities under title I. One of the questions the Senator addressed to me was—

Does the Senator feel that sale abroad takes precedence over free distribution in this country, when free distribution is needed by many of the people dwelling here?

My answer was, in effect, that the Secretary should without doubt, in my judgment, use commodities in surplus for home consumption if there is need for it, rather than to contract for their sale abroad.

When I gave the answer, Mr. President, I had overlooked the fact that under date of February 3 I had written the Department of Agriculture suggesting the possibility of obtaining additional surplus foods, especially fats and butter, for distribution to economically distressed families in Louisiana. I received an answer which came to my attention only this morning. In the last paragraph of the letter appears the following:

The Commodity Credit Corporation has at the present time 56 million pounds of butter in inventory. Your inquiry, therefore, as to the availability of butter for distribution to needy persons is thoroughly understandable. This butter has been under constant review for several weeks. However, in view of the



needs for school-lunch programs (approximating 65 million pounds annually) and for charitable institutions, and for foreseeable sales programs, we have thus far, not felt that stocks have been sufficient to begin general distribution to needy persons. It would appear unwise to start such donations without being relatively certain that current stocks and prospective accumulations will permit distribution over a reasonable period to needy families in all participating States.

That paragraph seems to be at variance with what we were discussing yesterday, but during the colloquy and thereafter I was notified by the Department of Agriculture that butter would be made available immediately to needy families in Louisiana. I presume the same thing applies to the cases cited by my good friend from West Virginia.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. REVERCOMB. The colloquy of yesterday, which appears in the CONGRESSIONAL RECORD of March 18, 1958 at page 4116, was brought about as a result of inquiries made over a considerable period of time on the question of distribution of surplus food under the control of the Department of Agriculture, to the States in the particular areas where there might be need for food.

For 3 or 4 weeks I have had this question up with the Department of Agriculture, not only with respect to sending more foods into particular areas, but also getting a quicker distribution of it, and, if possible, to get a greater variety of food.

The Department of Agriculture has been most cooperative and helpful. It responded at once. My colleague, the junior Senator from West Virginia [Mr. HOBLITZELL], the Governor of my State, and Dr. Egbert, head of the Dependent Persons Administration of West Virginia, have also manifest their interest in this problem. We have found the Department to be extremely cooperative in increasing amounts, in having conferences with those in charge of distribution, and in bringing about a quicker and wider distribution in particular areas where food was needed.

In the course of that inquiry and my efforts to obtain a wider variety of food, I asked that the great need for fats be met, and that they be added to the list of foods. I hoped something like lard or some of the vegetable oils would be added to the list of foods. However, I learned that such commodities were not available in the Department of Agriculture as surplus foods, but that a large quantity of butter was in storage. Thereupon, I asked that butter be added to the list of foods for distribution.

I was informed, through an inquiry made by a member of my staff, that under the existing law, sales abroad of surplus food commodities took precedence over distribution of foods for needy persons in this country. I thought that was totally unsound, and, thereupon, I raised the question on the floor yesterday, as the RECORD shows.

I was advised later that butter would be added to the list of foods distributed, but there was a large quantity of it on

hand, and that distribution would begin immediately, as soon as it was packaged. So I am delighted at the result. I am very much pleased that the Secretary of Agriculture has taken a position contrary to the information which was originally given me, and has agreed to distribute the butter available with other food available for distribution.

I hold in my hand a formal statement made by the United States Department of Agriculture, dated Washington, D. C., March 19, 1958, stating that butter is being added to the list of foods distributed in needy areas. I congratulate the Secretary of Agriculture. I commend him for the position he has taken in seeing to it that, where there is need in this country for food, commodities within his possession will be distributed to needy persons.

I ask unanimous consent that the statement to which I have referred be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

**USDA TO DONATE SURPLUS BUTTER FOR DISTRIBUTION TO NEEDY**

The United States Department of Agriculture announced today the addition of surplus butter to the foods currently being donated for distribution to needy persons within the continental United States. This action was made possible as a result of heavily increased price-support purchases of butter during recent weeks. The butter will become available to recipients at the local level as soon as it can be processed into 1-pound packages and shipped.

During the past year and a half supplies of surplus butter acquired by the Department have permitted distribution only for use in school lunch programs and by charitable institutions. In recent weeks, price-support purchases of butter have risen to an apparent rate that would permit extending the distribution of this food item to needy persons with reasonable assurance of adequate supplies continuing available for this purpose for at least the next few months.

In addition to butter, the surplus food items currently available for distribution to needy persons includes nonfat dry milk, cheese, rice, wheat flour, and corn meal.

Under its distribution program the Department of Agriculture donates surplus foods to those States that have entered into agreements to distribute these foods to needy persons certified as eligible recipients in local participating communities. At present approximately 40 States, the District of Columbia, and Puerto Rico are taking part in the distribution of surplus foods to needy persons in family units.

Mr. REVERCOMB. I thank the able Senator from Louisiana for yielding to me. I feel that our discussion of yesterday clarified a situation of considerable importance.

Mr. ELLENDER. Mr. President, as I pointed out yesterday, I did not see anything in the law which would give authority to the Secretary of Agriculture to donate surpluses abroad when there is need for them at home.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the letter of March 14, 1958, from the Assistant Secretary of Agriculture, to which I have just referred.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, D. C., March 14, 1958.

HON. ALLEN J. ELLENDER,  
United States Senate.

DEAR SENATOR ELLENDER: This letter is in reply to yours of February 3 regarding the possibility of obtaining additional surplus foods, especially fats or butter for distribution to economically distressed families in Louisiana.

We regret that additional surplus foods are not available at this time for this purpose. You know of course that the only sources of surplus foods for welfare donations are the Department's acquisitions under price support and surplus removal legislation. There are no current holdings or surplus supplies of farm foods like lard, shortening, and cottonseed oil, which are sometimes acquired in surplus diversion operations to stabilize the producers' prices at peak marketing seasons. Due to the favorable market conditions relative to these segments of the farm industry, no price stabilizing action has been warranted this fiscal year.

The only surplus foods in federally owned inventories and now available in adequate supply for nationwide donation to eligible needy families are price-support commodities like process cheese, nonfat dry milk, rice, meal, and flour. These food items are available to the full extent that eligible recipients can constructively utilize them without waste.

The holdings of surplus butter have been quite limited for many months, with available supplies since September of 1956 being inadequate for all eligible outlets. After a peak inventory of 466 million pounds of surplus butter in mid-1954, when all eligible outlets received donations, the Federal stocks gradually dropped to zero in March of 1956. Federal shipments of surplus butter for family-welfare distribution were suspended as of September 30, 1956, and have not been resumed; donations for use by needy and indigent persons in charitable institutions (including hospitals, orphanages, homes for the aged, child-care centers, etc.) were stopped during the period from October 1956 through July 1957.

Section 416 of the Agricultural Act of 1949, as originally enacted, expressly set forth an "order of priority" for recipients eligible to receive donated food commodities. The present section, as amended by section 302 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83d Cong.), omits any specific requirement of priority for donation of food commodities for use within the United States, and merely prescribes the permissible domestic outlets without specifying an order of priority as did the earlier version of the section. Donations are authorized on such terms as the Secretary may deem in the public interest. Consequently, it has been determined by the Department over the past several years to be in the public interest to distribute section 416 commodities, as well as those donated under authority of section 32 of Public Law 320, 74th Congress, in the following order: (1) to schools, (2) to charitable institutions, and (3) to needy persons who are public-welfare recipients.

Of course, no priority problem arises except when the available supply of a commodity is insufficient for donation on a nationwide basis to all eligible categories. When quantities are limited, institutions are given priority over welfare recipients largely because the quantities remaining after school lunch distribution would not be sufficient to reach all welfare recipients. We are sure you know that in order to be eligible



for donated foods, a charitable institution must be nonprofit and tax-exempt and can receive surplus foods only to the extent that needy persons are served. The number of needy persons in institutions receiving assistance in this way throughout the country is approximately 1.4 million, which remains rather constant, whereas the number of needy people participating in welfare distribution has averaged around 3 million over the past few years and fluctuates widely at different seasons of the year.

Furthermore, the Department believes that placing charitable institutions in second position of preference in most cases results in the most constructive and effective use of surplus foods by outlets which are best equipped to handle and utilize them without waste. This is particularly true of food items acquired under section 32 authority, such as fresh shell eggs, frozen ground beef, or frozen turkeys, which are sometimes in excess of the short-term needs of the school lunch program but never sufficient for nationwide donation to all outlets.

The establishment of priorities by the Department results in uniformity of treatment in all States between recipients in various categories.

Although the total price support acquisitions of butter during calendar year 1957 amounted to about 173.5 million pounds, the uncommitted inventory at the end of December was only 31 million pounds. At this time the Department's surplus accumulations are on a somewhat accelerated scale, due partly to greater milk production (encouraged by large quantities and low prices of feed grains), but due also to heavy liquidations of butter supplies in anticipation of the scheduled reduction in dairy supports on April 1.

The Commodity Credit Corporation has at the present time 56 million pounds of butter in inventory. Your inquiry, therefore, as to the availability of butter for distribution to needy persons is thoroughly understandable. This matter has been under constant review for several weeks. However, in view of the needs for school-lunch programs (approximating 65 million pounds annually) and for charitable institutions, and for foreseeable sales programs, we have thus far not felt that stocks have been sufficient to begin general distribution to needy persons. It would appear unwise to start such donations without being relatively certain that current stocks and prospective accumulations will permit distribution over a reasonable period to needy families in all participating States.

We are watching this situation very closely. Any change in policy will be brought to your attention. Thank you for your letter and your interest in this matter.

Sincerely yours,

DON PAARLBERG,  
Assistant Secretary.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. REVERCOMB. There is nothing in the law that I can find which would justify the interpretation that the sale of foodstuffs abroad should take precedence over distribution to the needy at home. As I understand, there is nothing in the law one way or the other as to sales. I am very glad that the Secretary of Agriculture has placed an interpretation upon the law which will enable him to look after the needy in the distribution of surplus foods.

Mr. CASE of South Dakota. Mr. President, the parliamentary situation, as I understand, is that the pending amendment is the amendment offered by the Senator from Vermont [Mr. AIKEN],

to strike two sections from the bill, and that there is, in preference to that, a pending and perfecting amendment offered by the Senator from Minnesota [Mr. HUMPHREY], which would make certain changes in the text of the sections proposed to be stricken by the Aiken amendment. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. CASE of South Dakota. I wish to speak on the implications of the perfecting amendment. The language is improved, I think, in some respects, by the proposals of the Senator from Minnesota. Certainly the striking of section 6 is desirable, because it eliminates the threat to import duties on nonstrategic materials. With section 6 remaining in the bill, if it were to become law, import duties would be waived on nonstrategic materials. To the extent that the Senator from Minnesota has responded to the suggestion of the Senator from Florida [Mr. HOLLAND] and other Senators, that is a gain.

However, I do not feel that the changes he would make in the text of section 5 meet the questions which have been raised. Superficially it might seem that striking the word "materials" and inserting "strategic materials," which is the wording of the present law, would meet the objections. However, the reason why the restoration of the wording of the present law is not responsive to the situation is that ahead of the words referred to, in the middle of section 303, there is a very material change, which takes from the Secretary the discretion he has under section 303, and makes it mandatory that he shall do certain things.

Section 303 in the present law provides:

Whenever the Secretary has reason to believe that, in addition to other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation, there may be opportunity to protect the funds and assets of the Commodity Credit Corporation—

He may proceed to do certain things.

The bill strikes that first clause, which relates to the Secretary having reason to believe, and so forth, and says directly, and without any qualification:

The Secretary is directed, to the maximum extent practicable within the limit permitted by this section to barter or exchange—

And so forth. When we have done that, we have said that he shall barter or exchange for any materials of which the United States does not domestically produce its requirements.

The United States does not produce its requirements of sugar, of wool, and of a great many minerals.

Therefore we have in the first part of section 303, if it remains as it is in the bill, a direction to the Secretary of Agriculture "to the maximum extent practicable" to barter or exchange agricultural commodities for materials of whatever character, presumably, of which the United States does not produce its requirements "and which entail less risk of loss through deterioration or substantially less storage charges."

When we have broadened the field of barter in that way, we have changed the materials which are covered and which will be acquired by the United States.

Then on page 4, when we add to the word "materials", the word "strategic" so as to read "strategic materials" we have not prescribed or assured the disposition of nonstrategic materials which may have been acquired under the directive given in the first part of the changed language.

Personally I thought it was a mistake to direct and require the other agencies of Government to purchase broadly all such materials from the Commodity Credit Corporation to the extent that they were available "in fulfillment of their requirements." I believe that the insertion of the word "strategic" modifies that to a certain extent, but I do not believe it does so adequately. It does not cover the disposition of materials which might not be strategic but which would be acquired under the directive of the first part of the bill.

Mr. President, I now wish to speak for a time on another feature of the bill, but my remarks are related to this subject. For the benefit of Senators who may wish to sign their mail or who have some other duties to perform for the next 15 or 20 minutes, I assure them that unless I am taken from the floor in some way I shall speak for the next 15 or 20 minutes, in order to give them an opportunity to take care of their mail and such telephone calls as they may wish to make. I shall place the material in the RECORD or I shall read it, and I shall occupy the time in that way. I have assured other Senators who are not on the floor that there would be no votes before 6 o'clock if I am once recognized, and I shall extend that assurance to those who are on the floor.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield, provided I do not lose the floor.

Mr. ELLENDER. I should like to ask whether the Senator proposes to discuss the amendment he intends to offer?

Mr. CASE of South Dakota. I do not propose to discuss that amendment particularly. I am going to talk about title I, and more or less by way of background.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield, provided I do not lose the floor.

Mr. WATKINS. I notice that the Senator said he had some arrangement to talk until 6 o'clock.

Mr. CASE of South Dakota. I expect to talk until 6 o'clock.

Mr. WATKINS. Does the Senator have any understanding as to when the Senate will recess?

Mr. CASE of South Dakota. I have no such understanding.

Mr. WATKINS. I thought perhaps he had some information on that subject.

Mr. CASE of South Dakota. I have no information on it.

Mr. WATKINS. I have been waiting since yesterday afternoon to make a short statement. I have not had any



assurance as to how long the Senate will remain in session this evening.

Mr. CASE of South Dakota. I am sorry I cannot help the Senator from Utah.

Mr. ELLENDER. May I ask the Senator this question, in order to ascertain whether we may be able to dispose of the bill this evening? Will the Senator from South Dakota insist on his amendment?

Mr. CASE of South Dakota. Does the Senator refer to the one I have submitted and which has been printed?

Mr. ELLENDER. I do.

Mr. CASE of South Dakota. I expect to present that amendment for consideration by the Senate.

Mr. ELLENDER. Aside from that amendment, there would be no further amendment to be considered than the one pending—

Mr. JOHNSTON of South Carolina. Mr. President—

Mr. AIKEN. The Senator from Indiana [Mr. JENNER] has an amendment to offer.

Mr. JENNER. Shall I offer it now?

Mr. ELLENDER. Is the amendment at the desk?

Mr. JENNER. No; I have not had an opportunity to submit it.

Mr. ELLENDER. The only amendments which are pending and which are to be considered are the amendment of the Senator from South Dakota and the amendment of the Senator from South Carolina, as I understand.

Mr. JENNER. I should like to submit my amendment.

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Indiana for that purpose?

Mr. CASE of South Dakota. I have no objection to it, provided I do not lose the floor. I ask unanimous consent that I may yield to the Senator from Indiana for that purpose, without losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JENNER. Mr. President, I offer the amendment which I send to the desk and ask that it lie on the table.

The PRESIDING OFFICER. The amendment will be received and will lie on the table.

Mr. CASE of South Dakota. May I have the attention of the distinguished Senator from Louisiana?

Mr. ELLENDER. Mr. President, will the Senator yield once more, so that I may make an announcement?

Mr. CASE of South Dakota. I shall be glad to do so, provided I do not lose the floor.

Mr. ELLENDER. Mr. President, I have been asked by the majority leader to announce that because the bad weather which is prevailing outside, it is desired not to keep the Senate in session much longer, and that there will not be any votes taken tonight.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. KNOWLAND. I have just talked with the majority leader. Because of the lateness of the hour and the bad weather outside, the majority leader has recommended—and I concur in his rec-

ommendation—that as soon as the discussion has been completed, the Senate go over until tomorrow. This will enable Senators and the members of the staff to get home before the storm gets worse.

Mr. CASE of South Dakota. Mr. President, with respect to the portion of the bill which we have been discussing, I wonder if the Senator would look at page 4, line 9, the sentence which deals with the acquisition of the materials, and consider the possibility of placing a period after the word "Corporation" in line 9.

It occurred to me that that sentence might merely read, "materials" or "strategic materials"—either one—"so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation."

It would then be possible to obviate the fear which some Senators have expressed that other agencies of the Government, in purchasing such materials, would be required to purchase them from the Commodity Credit Corporation inventories to the extent available, regardless of the materials which might be on the open market.

That is a built-in guide to depressing the market price for whatever materials may be on the market, if there are also some in the possession of the Commodity Credit Corporation.

Mr. ELLENDER. The amendment now under discussion has been studied to a large extent by the Senator from Minnesota [Mr. HUMPHREY]. Before giving a positive answer as to whether a period should be placed after the word "Corporation," I wish to consult with him.

Mr. CASE of South Dakota. I also suggest striking the remainder of the sentence.

Mr. ELLENDER. Yes. As I understand, all the strategic material would be handled under the amendment proposed by the Senator from Minnesota [Mr. HUMPHREY] in the same manner as is now the case.

Mr. CASE of South Dakota. What would happen to the nonstrategic materials?

Mr. ELLENDER. The same as happens now.

Mr. CASE of South Dakota. Except that now the Secretary can use his discretion. He has to believe that the action he takes will add to the value of the assets of the Corporation. Under the language in the first part of the section, as changed, he is directed to go ahead and acquire such materials.

Mr. ELLENDER. I understand that; but the point is that after a material is acquired, it would then be handled in the same manner as is now the case. Personally, I do not see any difference in the handling or the administering of barter under the bill from what was the case before the order was issued by the Secretary last May.

The evidence discloses that by action of the Secretary of Agriculture, bartering has actually been stopped. In other words, bartering is a mere trickle now compared with what it once was.

What the committee sought to do was to direct the Secretary to proceed to

barter along generally the same lines and in the same manner as he did before. I do not know of anything in the amendment which would change the practice, except that we have provided yardsticks or methods according to which he must proceed.

Mr. CASE of South Dakota. Would not the Senator from Louisiana agree that when we provide that the Secretary must proceed to barter for anything as to which the United States does not domestically produce its requirements—

Mr. ELLENDER. To the extent practicable, yes he has discretion as to what he will barter for within the terms of the bill.

Mr. CASE of South Dakota. The Secretary might convert surpluses of wheat into some sugar?

Mr. ELLENDER. No.

Mr. CASE of South Dakota. We do not produce sufficient sugar to meet our needs.

Mr. ELLENDER. But sugar is under a quota provided by law. Certainly the Secretary could not bypass that law.

Mr. CASE of South Dakota. What about wool?

Mr. ELLENDER. I do not think the Secretary could bypass that law.

Mr. CASE of South Dakota. What about wool?

Mr. ELLENDER. There is a support price on wool. I hope the Secretary would exercise his judgment and not barter for any commodity on which there is a support price.

Mr. CASE of South Dakota. We have taken away the discretion he had and are saying that he is directed, to the maximum extent practicable.

Mr. ELLENDER. That is correct. We have taken away his discretion as to whether he will have a substantial program.

Mr. CASE of South Dakota. "Practicable" does not carry with it the discretion contained in the old language, under which the Secretary had to have reason to believe that there would be an opportunity to protect the funds and assets of the Corporation.

Mr. ELLENDER. I simply desired to stress the point. Is the Senator now saying that the Secretary of Agriculture could have bartered for sugar or wool under the old system?

Mr. CASE of South Dakota. I do not know.

Mr. ELLENDER. He could have.

Mr. CASE of South Dakota. I think the new language raises a doubt.

Mr. ELLENDER. He could have, but I do not believe he would have, because there is a quota system for sugar. On the other hand, I doubt that the Secretary of Agriculture would desire to barter any crops on which there were support prices. To do so would aggravate the situation.

Mr. CASE of South Dakota. I shall renew that question later or bring it to the attention of the Senate tomorrow.

I shall now proceed with a discussion of the background of Public Law 480, particularly that portion of title I which deals with the sale of agricultural commodities for foreign currencies. Since I see that it is nearing 6 o'clock, instead



of reading a great deal of material, I shall ask permission to have certain matters printed in the RECORD, preceded by such introductory remarks as may be necessary.

The background of Public Law 480, which relates to the sale of surplus commodities for foreign commodities, is found in hearings which the Committee on Armed Services conducted in March 1953. General Van Fleet had returned from Korea, and to him the Senator from Georgia [Mr. RUSSELL] addressed this question:

Some very disquieting reports have come back to us as to the ration of the ROK's; some of the reputable press services have reported that as many as 7,000 soldiers a month from the Republic of Korea armies are being hospitalized due to malnutrition and tuberculosis, and that they are receiving a diet that has such a low caloric content—would you care to comment on that now, or do you prefer to do that in executive session?

General VAN FLEET. No, sir; I will be glad to do it openly. I think we should air the whole matter.

Senator RUSSELL. I am very much interested in it.

General VAN FLEET. The basic diet of an oriental is rice, and they measure the quantity by a measure they call a hop. You get 6 hops a day, 2 hops per meal, and a hop—they measure it off in a little container, and smooth it off, and there is a cubic measure of dry rice. When it is cooked up, those 2 hops make a nice big bowl of rice, whole-grain rice, so it has got all the vitamins in it. It is not polished rice, as we get used to.

That big bowl of rice fills the man's stomach, and you might say, satisfies the hunger appetite.

Now, to put in the other balanced ingredients he gets vegetables. Well, he gets a supplement there of vegetables, and some fish, a little meat, and a type of pickle there they call kimchee. It has a lot of vitamins in it, like a sauerkraut.

Now, that ration is enough to normally keep the man in good condition. In hard battle, in hard cold, in strenuous work, he would like to have more, but the Army ration is more than the civilian ration, than the civilian is getting, far more, far better taken care of than the average civilian in Korea.

I shall skip several paragraphs. The Senator from Georgia then asked this question:

The other angle is the reports are that the Communist prisoners that we have captured are receiving a better ration than our allies who are fighting with us in a joint military venture in a war in which the lives of thousands of our men are involved.

Is it true that the Chinese Communists and North Korean prisoners get a better ration than our Republic of Korea troops?

General VAN FLEET. That condition has existed for a long period of time. I am advised that it has been corrected since I left Korea, but we have recommended repeatedly that the South Korean soldiers who are guarding these Communists get the same rations as the PW's do.

A little later, another question was asked by the Senator from Georgia [Mr. RUSSELL], as follows:

Why don't you give it to the Communists? They are orientals, too.

General Van Fleet replied:

Because we have to live up to the Geneva Convention which says that we have to give

them our ration, and you have an International Red Cross there that submits a derogatory report every time they see it falling short in the slightest. We have to give them warmed barracks, hot showers, where orientals never had that.

Later in the interrogation that morning, General Van Fleet said:

The country has never produced enough food, even when it was occupied by the Japanese. They had to import a great deal of grain.

The average Korean family wears the same clothes they had before the war, which are just a few pieces of rags, plus what some charity has sent over there for the welfare program.

They are on a starvation diet, and with great need for shelter, clothing, farm tools, fertilizer, seed, livestock, to get reestablished on their farms properly.

Mr. President, it is not necessary for me to read all the testimony. But the general tenor of his testimony was that in Korea there was a shortage of food and a tremendous inflation; and that with the average Korean farmer called off to war, the Koreans were producing less food, and more money was being issued, with a consequent inflation of food prices.

At one point the Senator from Tennessee [Mr. KEFAUVER] asked:

Then, General Van Fleet, from a humanitarian viewpoint, as well as to help sustain the fighting qualities of the Koreans, you would hope that the American people would realize the necessity for additional charity; that anything that could be done to get surplus food products to Korea, would be very much in the public interest?

General Van Fleet replied:

Very much so, Senator. That program is lagging.

The hearing proceeded throughout that day.

On the next day, when I was reached in the order of questioning, I asked General Van Fleet this question:

Just one or two questions with respect to assistance in the way of food and supplies in Korea. Could you estimate what increase in efficiency of present ROK troops would be achieved if their diet were brought up to that of the prisoners of war?

General Van Fleet replied:

I am very much in favor of an increase in the ROK ration, but I would leave that increase to be worked out by our authorities in Korea, and I would not make it too big an increase. I do not have the facts before me to compare it with the POW diet.

Then I said:

A letter was forwarded to me by the father of a soldier, which I just received yesterday, which pretty well supports what you were saying about the diet there. He was complaining that the PW's, the prisoners of war, under our care were getting better food than the Korean soldiers, and also they were getting uniforms and clothing that was better than the Korean soldiers.

I think the American people generally would support the idea that with the food supplies that we now have, they would support providing more food for the Koreans, both civilian and military, if it could be translated into terms of (1) greater efficiency of troops; (2) fewer ROK troops going to the hospital; and, (3) possibly, the increase of troops available.

That was on March 6, 1953.

I then undertook to study the matter somewhat.

On March 9, 1953, I wrote to the Honorable Ezra Taft Benson, Secretary of the Department of Agriculture, a letter from which I shall read the first few paragraphs, and then I shall ask that the entire letter be printed in the RECORD.

I now read from my letter of March 9, 1953:

MY DEAR MR. SECRETARY: Attached you will find a copy of an informal draft of a bill which I propose to introduce in the Senate today, which would authorize you to sell the Republic of Korea food and clothing, commodities and to receive in payment legal currency of the Republic of Korea. The exact form and details are subject to revision, of course, but I hope that the general proposition will appeal to you and may have your support.

You will note that the bill also directs the Treasury to credit such currency against debentures of the Commodity Credit Corporation and to place it in a Korean Reconstruction Fund and creates a Joint Committee of the Congress to investigate conditions in Korea and recommends a program of reconstruction through the use of the fund so created.

Then in my letter I referred to the testimony given by General Van Fleet before the committee.

I concluded the letter with the following sentences:

Eventually, the United States will rehabilitate South Korea. \* \* \*

Why not help ourselves by helping the South Koreans now—using some of the fibre and food products which the Commodity Credit Corporation is buying—thereby translating these growing stocks into strength at the front and providing the local currency funds that can be used in Korean rehabilitation later on?

Mr. President, I ask unanimous consent that the entire letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,  
COMMITTEE ON ARMED SERVICES,  
Washington, D. C., March 9, 1953.

The Honorable EZRA TAFT BENSON,  
Secretary, Department of Agriculture,  
Washington, D. C.

MY DEAR MR. SECRETARY: Attached you will find a copy of an informal draft of a bill which I propose to introduce in the Senate today which would authorize you to sell the Republic of Korea food and clothing commodities and to receive in payment legal currency of the Republic of Korea. The exact form and details are subject to revision, of course, but I hope that the general proposition will appear to you and may have your support.

You will note that the bill also directs the Treasury to credit such currency against against debentures of the Commodity Credit Corporation and to place it in a Korean Reconstruction Fund and creates a joint committee of the Congress to investigate conditions in Korea and recommends a program of reconstruction through the use of the Fund so created.

On February 26, the Associated Press reported Korean Defense Minister Shin Tae Young as saying: "The ROK soldier is getting only about one-third the calories he needs from rice and a few side dishes."

Last week, in the Senate Committee on Armed Services we heard Lt. Gen. James Van Fleet say that both the military and civilian



populations of South Korea were living on a diet below that which we provide for our prisoners of war under the Geneva convention.

General Van Fleet also testified that fewer South Korean troops would go to the hospital, that the more South Korean men could qualify for military service, that efficiency at the front would be improved if they had a better diet. He also said that many of the civilians are wearing the ragged remnants of the clothes they had on their backs when the invasion took place almost 3 years ago.

Eventually, the United States will rehabilitate South Korea. That would be in keeping with our traditions and the spirit of our people toward an ally to say nothing of the destruction occasioned by our own troop movements.

Why not help ourselves by helping the South Koreans now—using some of the fiber and food products which the Commodity Credit Corporation is buying—thereby translating these growing stocks into strength at the front and providing the local currency funds that can be used in Korean rehabilitation later on?

Using food to win the war and build the peace beats putting bluing on potatoes or burning wheat or killing pigs.

Respectfully submitted.

FRANCIS CASE,  
United States Senator, South Dakota.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that the bill I introduced—in keeping with the statement contained in the letter; it is Senate bill 1230, of the 83d Congress, 1st session, which was introduced by me, on behalf of myself and my colleague [Mr. MUNDT] on March 9, 1953—be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

#### S. 1230

A bill to provide for the strengthening of the Republic of Korea as an ally against aggression and for the reconstruction of that country from the ravages of war in resisting aggression.

*Resolved, etc.,* That the Secretary of Agriculture is hereby authorized, through the facilities of the Commodity Credit Corporation to acquire domestic supplies of wool, cotton, grains, dairy, poultry, and meat products, and to sell and deliver such commodities to the Republic of South Korea in an amount not exceeding \$500 million under the authority of this act, and to accept legal currency of the Republic of Korea in payment therefor. In carrying out the provisions of this section, the Secretary of Agriculture shall, insofar as practicable, utilize stocks of such commodities as may be acquired by the Commodity Credit Corporation or the Secretary in carrying out other provisions of existing law.

SEC. 2. The Secretary of the Treasury is authorized and directed to receive from the Secretary of Agriculture currency of the Republic of Korea acquired pursuant to the authority of section 1 of this act and to credit such receipts in payment for and retirement of debentures or other evidences of indebtedness of the Commodity Credit Corporation to the Treasury and to deposit this currency in a special fund for Korean Reconstruction and Rehabilitation.

SEC. 3. There is hereby created a Joint Select Committee on Korean Reconstruction and Rehabilitation to consist of 5 Members from the Senate of the United States to be named by the President of the Senate and 5 Members from the House of Representatives to be named by the Speaker of the House of Representatives. This committee shall investigate the economic and social conditions

of South Korea growing out of the resistance of the Republic of Korea to aggression and shall report its findings to the Congress not later than January 15, 1954, together with its recommendations for the reconstruction and rehabilitation of South Korea through the use of the Korean Reconstruction and Rehabilitation Fund provided by section 2 of this act. The expenses of such committee shall be provided from the contingent funds of the Senate and House of Representatives by appropriate resolution.

Mr. CASE of South Dakota. Mr. President, some time later, some question was raised as to the origin of the proposed legislation relating to the sale of surplus agricultural commodities for foreign currencies. I asked the Legislative Reference Service of the Library of Congress to make a determination of the chronological history of legislative measures proposing the exchange of surplus agricultural commodities for foreign currencies.

I received a memorandum under date of July 9, 1954. Apparently it was prepared by Mr. Samuel H. Still, of the American Law Division of the Legislative Reference Service of the Library of Congress. I shall read the first paragraph of the memorandum, and then I shall ask that the remainder of this chronological history be printed in the RECORD.

The first paragraph of the memorandum reads as follows:

The first bill providing for exchange of surplus agricultural commodities for foreign currencies was S. 1230, offered in the Senate during the first session of the 83d Congress, on March 9, 1953 by Senator CASE, on behalf of himself and Senator MUNDT. S. 1230 provided for the sale of surplus domestic supplies of wool, cotton, grains, dairy, poultry, and meat products to the Republic of South Korea, payment to be made in the local legal currency of that Republic.

Mr. President, I ask unanimous consent that the entire three-page memorandum from Mr. Still, of the American Law Division, on the chronological history of this legislation, be printed at this point in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

JULY 9, 1954.

To: Senator FRANCIS CASE.

Subject: Chronological history of legislation proposing the exchange of surplus agricultural commodities for foreign currencies.

The first bill providing for exchange of surplus agricultural commodities for foreign currencies was S. 1230, offered in the Senate during the first session of the 83d Congress, on March 9, 1953, by Senator CASE on behalf of himself and Senator MUNDT. S. 1230 provided for the sale of surplus domestic supplies of wool, cotton, grains, dairy, poultry, and meat products to the Republic of South Korea, payment to be made in the local legal currency of that Republic.

After the original bill (S. 1230) had been introduced the idea of exchanging our surplus commodities for foreign currencies was discussed at length during the many hearings of the Agricultural Committees of both the Senate and the House. Several similar bills were introduced and the Senate on July 1, 1953, adopted the McClellan amendment to the mutual-security bill (S. 2128) which was subsequently rewritten in conference to become section 550 of the Mutual Security Act. The McClellan amendment, modified by the Case proposal to include

livestock (meat and meat products), provided for the purchase of between \$100 million and \$250 million worth of surplus agricultural commodities to be sold by the United States to friendly countries for foreign currencies (sec. 550 of the Mutual Security Act of 1951, as amended, by Public Law 118 (H. R. 5710, 83d Cong., 1st sess., July 16, 1953)).

Since the introduction of S. 1230 by Senator CASE on March 9, 1953, the following bills providing for use of foreign currencies for the purchase of our surplus agricultural commodities have been introduced:

March 11, 1953: Senate Joint Resolution 56, to provide for creation of an international food reserve.

March 12, 1953: House Joint Resolution 224, to provide for the creation of an International Food Reserve.

March 18, 1953: S. 1369, to establish a foreign trading division in the Commodity Credit Corporation in order to promote the disposal in foreign countries of surplus agricultural commodities.

March 18, 1953: H. R. 4087, to amend the Agricultural Act of 1949 to authorize the Secretary of Agriculture to sell certain agricultural commodities to the Republic of Korea, and for other purposes.

June 4, 1953: S. 2048, to provide for the use of surplus agricultural commodities in paying for offshore purchases of military supplies and other goods and services.

June 10, 1953: S. 2112, to provide for the transfer of price-support wheat to Pakistan [counterpart fund of only 5 percent of receipts by Pakistan Government from those able to pay].

H. R. 5659 (companion to S. 2112).

H. R. 5660 (identical to H. R. 5659).

H. R. 5661 (identical to H. R. 5659).

June 11, 1953: S. 1217, to authorize the Commodity Credit Corporation to transfer certain surplus agricultural commodities to the Director for Mutual Security for sale to countries participating in the Mutual Security program.

June 15, 1953: H. R. 5714, to authorize the Commodity Credit Corporation to transfer certain surplus agricultural commodities to the Director for Mutual Security for sale to countries participating in the Mutual Security program.

June 26, 1953: H. R. 5954, to authorize the Commodity Credit Corporation to transfer certain surplus agricultural commodities to the Director for Mutual Security for sale to countries participating in the Mutual Security program.

June 29, 1953: The McClellan amendment to S. 2128 was presented in the Senate, formally offered and adopted with Case modification July 1, 1953. (See Public Law 118 (sec. 550 of Mutual Security Act), 83d Cong.)

July 24, 1953: S. 2475, to authorize the President to use agricultural commodities to improve the foreign relations of the United States.

August 3, 1953: H. R. 6845, to authorize the President to use agricultural commodities to improve the foreign relations of the United States.

All of the above bills were offered during the first session of the 83d Congress. During the second session, the following bills have been offered: H. R. Nos. 7875, 8267, 8268, 8269, 8270, 8271, 8278, 8327, 8396, and 9389.

SAMUEL H. STILL,  
American Law Division.

JULY 9, 1954.

Mr. CASE of South Dakota. Mr. President, following my introduction of the bill in the 83d Congress, I received a call from the Honorable You Chan Yang, known to many of us as Dr. Yang, the Korean Ambassador. He called to express his appreciation of the intro-



duction of the bill, which was designed to improve the food supplies for Korea, to combat their inflation, and at the same time to provide a practical way for us to dispose of some of our surpluses and to acquire currencies which would save dollars in the rehabilitation of Korea.

Following his visit, Dr. Yang wrote to me a letter, which was dated March 25, 1953. In the letter he reviewed the needs of Korea, and supplemented what I have indicated regarding the desirability of legislation along this line.

I ask unanimous consent that Ambassador Yang's letter of March 25, 1953, be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

KOREAN EMBASSY,

Washington, D. C., March 25, 1953.

The Honorable Senator FRANCIS CASE,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR CASE: It was a great pleasure for Mr. Han, our counselor, and me to meet you and your assistant this morning, and I want to thank you for taking time out to talk with us.

Again, I wish to repeat what I have written to you and what I have told you—namely, that I am very grateful to you for having given serious thought to the whole problem of relieving our very grave economic needs in Korea.

In compliance with your request, I wish to state the following:

As you well know, this horrible war has been going on for the last 3 years in Korea, and more than 1,000 villages have either been destroyed or seriously crippled. More than 50 cities and towns have met the same fate during the course of the fighting in Korea. Ten million of our people have been made homeless, and there are more than 100,000 innocent children who have become orphans. Bombing from the south, bombing from the north, bombing from the east, and bombing from above cause a great deal of destruction in Korea, and this explains why most of our agricultural production has been seriously disrupted. Furthermore, there are virtually no facilities for the production of consumer goods.

I am sure that you can understand very readily why we need help. We have to feed these homeless people, we have to clothe them, and particularly the unfortunate orphans must be fed and clothed also.

Naturally, the food problem is one of the most acute difficulties our people face. We have to supply our population and particularly our armed forces, and, despite the fact that many well-meaning non-Korean organizations have been assisting us, the problem still remains serious. That is why whatever you can do in this respect would be a tremendous contribution to the betterment of the general well-being of our people. Grains such as barley, wheat, rice, corn, soya beans, and even flour would be most welcome to us. Any poultry products as well as other meats would be an invaluable addition to the task of meeting the shortage of food in Korea. However, dairy produce such as cheese, butter, and liquid milk would not be suitable, because the Korean dietary habits have not as yet been developed to include a taste for these items. On the other hand, it is my firm belief that powdered milk would be very useful, particularly for the children in Korea.

Any assistance that can be given to relieve the suffering of our people, particularly with

regard to the need for food and clothing materials such as woolen and cotton goods, would mean a tremendous uplift in the morale of my countrymen.

I am sure that you will agree with me that, if the families and dependents of our soldiers in Korea as well as the police, who also have shared the burden of fighting in Korea, are given a more ample supply of food and clothing, the morale of our fighting soldiers and police would be greatly strengthened. Such help would make a direct contribution to the even more essential military operations in Korea.

As I told you this morning, due to the poor living conditions, because of the war, 30 percent of our people are tuberculosis cases. If something is not done to alleviate this situation, it may mean national suicide.

You may remember my comment on the farm animals. The losses in virtually all forms of livestock have been very heavy, and there has been a very sharp decline in the number of draft animals for tilling the soil. I am sure that in ameliorating this condition it would mean an increase of agricultural produce in Korea.

I also called to your attention our need for ships. Early in 1952 a bill was introduced by Senator WARREN MAGNUSON to authorize the transfer of 50,000 tons of ships to be used by Korea. This was passed in the Senate, but to our great regret, the bill failed to get recommendation in the House.

In the last few years, kindhearted American people, through their churches, other organizations, and, in many cases, individuals, have collected large quantities of relief goods for our refugees in Korea. May I call to your attention that many times in the past these goods have failed to reach Korea because of the lack of transportation.

If we had, for example, 10 Liberty-type ships, there could be a continuous flow of transportation not only for our relief goods but also for grains that have been purchased now in the process of being sent to Korea. It would mean further that these ships could go to Korean ports directly instead of stopping first in Japan. This would eliminate piling up of goods due to lack of shipping space. Our Government, despite its very difficult financial situation, has been using its meager dollar funds for the purchase of grain in this country and elsewhere as well as for the transportation of these grains at a cost of up to \$13 per ton. If we had these ships, the cost for transportation could be greatly reduced, and, naturally, this reduction would help us immensely. Ten of these ships could transport 40,000 to 50,000 tons of cargo per month.

The above is about the gist of our conversation this morning, and if there is anything I can do, please do not hesitate to call on me.

Very sincerely yours,

YOU CHAN YANG,  
Korean Ambassador.

Mr. CASE of South Dakota. Mr. President, there has been an interesting sequel to all this. First of all, there has been legislation which we have come to know as Public Law 480. The idea of selling surplus agricultural commodities or exchanging them for foreign currencies was one which caught on very rapidly, and numerous bills were introduced subsequently to implement the idea and to extend it to the broad field of other countries, as well as to Korea.

I think one of the most interesting incidents that has happened has been the recent signing of a special agreement with the Republic of Korea, providing

for the sale of \$50 million worth of United States agricultural commodities.

I have in my hand a press release issued by the United States Department of Agriculture on February 5, 1958, almost 5 years from the beginning of the idea, in which the Department of Agriculture announced an agreement with the Republic of Korea for the purchase by that country of \$50 million worth, including certain ocean transportation costs, of United States surplus agricultural commodities. The release states that the agreement was negotiated under title I of Public Law 480.

Then the statement by the Department goes on to list the commodity composition of the agreement, which included \$24.5 million worth of wheat; \$12.3 million worth of barley; \$2.1 million worth of grain sorghums; \$1.5 million worth of corn; and \$9.6 million worth of ocean transportation. The release states that "Sales under this program will be made by private United States traders. Details of purchase authorizations will be announced later."

The release further states:

The agreement provides that \$2 million equivalent of the hwan (Korean currency) obtained as sales proceeds will be set aside as loans to United States and Korean private enterprise. These loans will be made by the Export-Import Bank of Washington, Washington 25, D. C. Information concerning these loans can be obtained from that agency.

(Further information regarding this program may be obtained from the Foreign Trade Programs Division, Foreign Agricultural Service, U. S. Department of Agriculture.)

Mr. President, the signing of that agreement was witnessed by several Members of Congress. I considered it to be a privilege to be among those invited, although I had no prior notice of the date at which the signing was going to take place. A number of us were invited to the ceremony. My friend and colleague, the distinguished Senator from California [Mr. KUCHEL] was among those invited, as was also the Honorable OTTO KRUEGER, a Member of the House of Representatives from the State of North Dakota. Other Representatives were present, including Representative CHARLES M. TEAGUE, from California; and also some attachés, the Under Secretary of Agriculture, True D. Morse, and His Excellency, the Korean Ambassador, Dr. You Chan Yang, who had, 5 years before, come to call on me to express his appreciation of the initiation of the proposal.

On that occasion, the Under Secretary of Agriculture, Mr. Morse, made a statement, as did Dr. Yang, the Korean Ambassador.

I ask unanimous consent to have printed at this point in the RECORD the statement of Under Secretary of Agriculture True D. Morse, in connection with the Public Law 480 agreement with Korea, as made by him and read to the group present on the 5th of February 1958.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:



STATEMENT OF UNDER SECRETARY OF AGRICULTURE TRUE D. MORSE IN CONNECTION WITH THE PUBLIC LAW 480 AGREEMENT WITH KOREA

UNITED STATES  
DEPARTMENT OF AGRICULTURE,  
Washington, February 5, 1958.

I am happy to have the press here this morning to announce that a commodity agreement was signed earlier today in Seoul with the Government of the Republic of Korea for the sale to that country of \$50 million worth of United States agricultural commodities.

A brief ceremony has been arranged here with His Excellency, Dr. You Chan Yang, the Korean Ambassador to the United States along with some members of Congress.

This agreement has been negotiated under title I of Public Law 480 which provides for financing the sale of surplus agricultural commodities for foreign currency. The agreement provides for the sale of \$24.5 million worth of wheat, or about 400,000 metric tons; \$12.3 million worth of barley, or about 285,000 metric tons; \$2.1 million worth of grain sorghums, or about 50,000 metric tons; and \$1.5 million worth of corn, or about 30,000 metric tons. In addition, the United States will finance ocean transportation costs estimated at \$9.6 million.

Mr. Ambassador, the negotiation of this agreement gives me much personal satisfaction. It brings the market value of title I agreements with your country to more than \$130 million. I believe the conclusion of these agreements points up the ability of our countries to work toward the solution of problems of common concern.

The commodities to be sold under the new agreement will be helpful to us in our efforts to move agricultural surpluses in a constructive manner. The sale, totaling about 765,000 metric tons of food and feed grains, will be welcome to our grain producers.

Mr. Ambassador, we hope this agreement will be of assistance to your country. In addition to help that the commodities will be in increasing available supply levels in Korea, a very substantial portion of the hwan the United States receives in payment for them will be used to assist in the support of Korean military forces. A portion will also be used for loans to United States and Korean private business firms through the Export-Import Bank of Washington with the concurrence of the Korean Government.

Now, Mr. Ambassador, we would be happy to hear from you.

Mr. CASE of South Dakota. Following that, Mr. President, I ask unanimous consent to have printed in the RECORD, in full text, the statement by Dr. Yang, made at the same ceremonies on the 5th of February 1958.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY DR. YOU CHAN YANG, KOREAN AMBASSADOR TO THE UNITED STATES, IN CONNECTION WITH THE PUBLIC LAW 480 AGREEMENT BETWEEN THE REPUBLIC OF KOREA AND THE UNITED STATES OF AMERICA

It is a very great pleasure as well as a privilege for me to respond to your words on behalf of my people and the Government of the Republic of Korea.

As you point out, this is a further evidence of the splendid relations existing between our two countries, and the commodities which we will receive as a result of this Agreement which has been so quickly negotiated under Title I of Public Law 480 will be of tremendous assistance in improving our general economy. Furthermore, our armed forces, as well as our business and industrial communities, will be in a position to benefit because of the amount of hwan to be used for credit and development purposes.

I am sure you all realize that my country is still doing its utmost to repair the ravages of Communist war. This has been a most difficult task. In fact, without the material aid of a direct nature which we have received from America in the past, it would have been a virtually impossible task. But I am happy to tell you gentlemen that the Korean people have willingly shouldered their many burdens and responsibilities, because they have realized that the country which was their chief partner in the fight against aggressive communism is today their chief partner in rehabilitation and reconstruction.

We Koreans wish to help ourselves as much as possible, and there is visible proof all over my country of this desire. This feeling has become the keystone of nearly all of our activity, because, and I say this with pride, we are a hardworking people, and we have never wanted to be on any international breadline.

The agreement signed today providing for the sale of surplus agricultural commodities to Korea further confirms the determination of both my government and my fellow citizens of Korea to put our nation on a completely self-sustaining basis. If a steady flow of these commodities is made available, our factories will have material to make the finished products my country needs so urgently.

With the help of God and the cooperation of the American Government and its people we are bringing this determination to a happy and prosperous realization. But I repeat, our achievement would not have been possible had it not been for American understanding and assistance.

Mr. CASE of South Dakota. When the President submitted a report to the

Congress on the 4th of February 1958—that was the day just prior to the signing of the agreement with Korea—he stated:

Since the beginning of the program, agreements for the sale of agricultural commodities for foreign currency under title I total \$3,343.2 million estimated CCC cost (\$2,300.8 million at export market value), of which \$332.8 million (\$205 million at export market value) represents agreements signed during the period covered by this report.

I thought the sale of almost \$3.5 billion worth of agricultural commodities for foreign currencies under title I was a remarkable record.

Mr. President, I ask unanimous consent that the portion of the President's statement which appears under the heading "Title I. Foreign Currency Sales, Agreements Signed," and consisting of pages 3, 4, 5, and 6, down to the heading "Programs Carried on Through the Use of Public Law 480 Foreign Currencies," may be printed in the RECORD at this point.

There being no objection, the portion of the statement was ordered to be printed in the RECORD, as follows:

TITLE I. FOREIGN CURRENCY SALES  
AGREEMENTS SIGNED

Seven agreements, or supplements to agreements, involving a CCC cost of approximately \$332.8 million, were entered into with seven countries during the period July-December 1957. The commodity composition, export market value, and CCC cost of these agreements are shown in table I:

TABLE I.—Commodity composition of agreements signed, July-December 1957

Commodity	Unit	Approximate quantity	Export market value	CCC cost
Wheat and wheat flour	Bushel	1 51,994,000	Million \$87.9	Million \$139.8
Feed grains	do	2 31,524,000	40.0	91.9
Rice	Hundredweight	2,182,609	14.4	22.6
Cotton	Bale	122,600	19.5	25.7
Tobacco	Pound	4,731,000	2.7	2.7
Dairy products	do	54,284,000	13.4	23.0
Fats and oils	do	16,764,000	2.4	2.4
Fruits	do	882,000	.1	.1
Total commodities			180.4	308.2
Ocean transportation			24.6	24.6
Total, including ocean transportation			205.0	332.8

<sup>1</sup> Wheat and wheat equivalent of flour.

<sup>2</sup> Corn, 30,700,000 bushels.

One hundred and seven agreements, or supplements to agreements, with a total CCC cost of \$3,343,200,000, have been entered into with 35 countries since the inception

of the program. The commodity composition, export-market value, and CCC cost of these agreements are shown in table II.

TABLE II.—Commodity composition of all agreements signed through Dec. 31, 1957

Commodity	Unit	Approximate quantity	Export market value	CCC cost
Wheat and wheat flour	Bushel	1 507,252,000	Million \$851.8	Million \$1,462.4
Feed grains	do	2 107,776,000	135.4	244.5
Rice	Hundredweight	25,507,000	165.0	289.1
Cotton	Bale	2,813,400	425.8	595.2
Cotton linters	do	15,400	.3	.3
Meat products	Pound	150,962,000	40.4	40.4
Tobacco	do	165,591,000	113.4	113.4
Dairy products	do	152,253,000	35.7	59.3
Fats and oils	do	1,777,768,000	277.6	283.2
Poultry	do	3,000,000	1.2	1.2
Dry edible beans	Hundredweight	44,000	.4	.4
Fruits and vegetables	Pound	124,834,000	5.9	5.9
Seeds	Hundredweight	9,000	.4	.4
Total			2,053.3	3,095.7
Ocean transportation			247.5	247.5
Total, including ocean transportation			2,300.8	3,343.2

<sup>1</sup> Wheat and wheat equivalent of flour.

<sup>2</sup> Corn, 56,815,000 bushels. Oats, 5,806,000 bushels. Barley, 33,143,000 bushels. Grain sorghums, 12,012,000 bushels.



Title I shipments since the beginning of the program totaled approximately \$1,650 million at export market value through December 31, 1957, of which about \$250 million was shipped during the reporting period. The export market value of commodities programmed under all agreements signed through December 31, 1957, was \$2,053.3 million (excluding ocean transportation costs).

Shipments during the reporting period dropped sharply from the high levels attained in the January-June 1957 period because of reduced programing during calendar year 1957. The reduction in programing resulted from the limited availability of funds during the first 7 months of calendar year 1957 prior to extension of the program by the Congress and the time required to develop and negotiate country agreements following the increase in authorization. It is expected, however, that shipments will increase substantially during the next 6 months.

#### USUAL MARKETINGS

In accordance with the provisions of title I, appropriate assurances have been obtained from participating governments which require reasonable safeguards that sales of agricultural commodities for foreign currencies shall not displace United States usual marketings or be unduly disruptive of world market prices. Also, sales for foreign currencies under title I generally have been made at prices comparable to those prevailing in the market for export sales for dollars.

#### ROLE OF PUBLIC LAW 480 PROGRAMS

The sixth semiannual report provided statistics on exports under Public Law 480 compared with total exports during the fiscal year ending June 30, 1957. A similar analysis will be made in the next report for the year ending June 30, 1958.

#### ACCOUNTING FOR TITLE I COSTS

The CCC cost of commodities included in agreements signed through December 31, 1957, is estimated at \$3,095.7 million. This includes the costs of acquisition of commodities at domestic support prices, storage costs, processing, and inland transportation. In addition, CCC will pay ocean transportation costs of \$247.5 million for commodities required to be shipped on private United States-flag vessels. These commitments total \$3,343.2 million.

The United States Government will receive foreign currencies in payment for the export market value of these commodities and the ocean transportation financed. The export market value of these commodities is \$2,053.3 million, which is \$1,042.4 million less than their cost to CCC.

The total CCC cost of \$3,343.2 million is charged to agricultural programs as a surplus disposal operation. At the end of each fiscal year the realized loss is calculated and an appropriation is requested to reimburse CCC. Appropriations totaling \$704 million have been made to reimburse CCC for losses realized through June 30, 1956. An appropriation of \$1,290.8 million for costs during fiscal year 1957 will be requested at this session of Congress.

Mr. CASE of South Dakota. Mr. President, the portion of the President's report which deals with the programs carried on through the use of foreign currencies under Public Law 480 is most interesting, but it has been dealt with in some of the statements heretofore made.

At this point I merely wish to read into the RECORD one paragraph which appears on page 7 of the President's report, under the title "Military Housing." I shall read the portion because it is brief and because I want to make a

direct comment on it. The President said:

Use of foreign currencies for the construction of military family housing abroad as authorized by Public Law 161, 84th Congress, supplements the current Defense Department construction appropriation. On the other hand, over the years, dollar reimbursement of the capital cost of the housing will be made to CCC out of appropriations for the quarters allowances of the personnel occupying the housing. It is estimated that 15 to 20 years will be needed to effect full reimbursement without interest, assuming full occupancy and normal maintenance costs. Through December 31, 1957, \$73 million in foreign currencies had been allocated for this purpose.

I invite attention to that language, Mr. President, because the possibility of using agricultural surplus commodities for the acquisition of military housing overseas and for supplying funds for financing other military requirements overseas is one which appealed to me very strongly. In the fall of 1953, following the introduction of legislation proposing sale of agricultural commodities for foreign currencies, it was my privilege, with the then Senator Duff, of Pennsylvania, and the Senator from Mississippi [Mr. STENNIS]—the three of us comprising a Subcommittee on Military Construction—to visit several countries overseas, and to investigate our military construction requirements.

We were in Spain at the time the base agreement was being negotiated with Spain, under which certain Air Force installations were to be constructed. We noted that Spain that year had a drought and was going to be short of wheat. We proposed in connection with the visit and subsequently that efforts be made to acquire Spanish currency in the form of pesetas, which might be stored more readily than wheat and used to pay some of the construction costs.

There was some delay in having the suggestion carried out, so on the 27th of January 1954, the first month of the congressional session following our visit overseas, as chairman of the Subcommittee on Real Estate and Military Construction of the Committee on Armed Services of the Senate, I conducted hearings, at which were also present former Senator Duff, the Senator from Mississippi [Mr. STENNIS], and the late Honorable Pat McCarran, a United States Senator from Nevada. We invited representatives from the Department of Defense, the Department of State, and the Department of Agriculture to investigate ways whereby surplus commodities might be more widely utilized in meeting our construction costs for the bases in Spain. Present representing the Department of State was the Honorable Samuel C. Waugh, Assistant Secretary of State for Economic Affairs. Also present were Mr. John H. Davis, Assistant Secretary of Agriculture, and Rear Adm. Joseph F. Jelley, Director of Construction for the Department of Defense. Admiral Jelley was the person to be in charge of the construction work in Spain.

The hearing record on that occasion made about 22 pages. I shall not ask to have the hearing printed in the RECORD

at this time, but I cite it for reference. The hearing was held January 27, 1954, and the record is available, printed for the use of the Committee on Armed Services.

The hearing explored the possibilities as to the use of agricultural commodities and laid the foundation for the sale of a considerable amount of wheat to Spain, which was converted into Spanish currency and subsequently used in meeting construction costs there.

In the military construction bill of 1954—I think it is the one to which the President alluded in his report—we placed a special paragraph authorizing and directing the use of agricultural commodities for the acquisition of foreign currencies to the maximum extent possible for utilization in our foreign military requirements.

So all in all, Mr. President, the program of utilizing our agricultural surpluses to acquire currencies which might be utilized either in meeting our direct cash requirements abroad or in improving our ability to carry on programs of economic reconstruction in countries abroad has been a most useful one.

I thoroughly support the extension of the act as provided in the forepart of S. 3420, which is under consideration. Title I should be extended as therein recommended.

I should personally like to see the act strengthened by strengthening the provisions relating to barter for commodities which are not produced in this country in sufficient quantities to meet our requirements. I hope, however, that in the further consideration of that portion of the bill which is represented by sections 5 and 6 we shall eliminate the requirement that nonstrategic materials be admitted duty free, and, further, that we shall not require the purchasing officers or procurement officers of other Government agencies to get their materials first of all from such imported commodities.

It seems to me that the importation of commodities acquired by the disposition of one surplus in the agricultural field should not be executed in such a way as to depress the markets of the producers of commodities in other fields—in the mineral field or possibly even other agricultural fields. I think when we acquire commodities from abroad which are subject to less deterioration in storage, we should take advantage of the storage quality and store them for times of emergency, or, more especially, periods of short supply. We should not permit such commodities to become depressants to other segments of our economy.

I hope in the further consideration of the bill now pending that matter will be kept in mind, so the bill can be improved in that respect.

Mr. President, I have an amendment which I should like to offer so it can be printed for the information of the membership of the Senate. The amendment, which is in the nature of a perfecting amendment, proposes to place a period in line 9 on page 4, after the word "Corporation", and to strike out the remainder of the sentence.



The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. CASE of South Dakota. After that amendment and the related amendments are disposed of, Mr. President, I intend to call up for consideration the amendment I previously proposed and had printed, namely, the one which would place the currency received under the authority of title I in a special fund in the Treasury, to be designated a "Foreign Currencies Fund." I shall discuss the amendment at the time I call it up.

Mr. President, I yield the floor.

Mr. SYMINGTON. Mr. President, we are engaged in a great struggle with the Communist bloc countries, the outcome of which will determine the future of millions of the world's population.

Our goal in this struggle is a free world, characterized by permanent peace, where the dignity of man reigns supreme.

If we are to win this struggle, if we are to attain that goal, we must use every tool available.

In Public Law 480—the Agricultural Trade Development and Assistance Act of 1954—we have one of the most important tools. Through that law we have an opportunity to use one of our most important blessings, an abundance of food, in this struggle for world peace.

Putting it mildly, the Communist leaders recognize the importance of food. In a speech last May, Nikita Khrushchev, Communist Party chief, emphasized the importance of food "to influence the minds of waverers who were skeptical of Communist ideology."

In this same speech, the New York Times quoted Mr. Khrushchev as saying:

We are not going to blast the capitalist world with bombs, but if we catch the United States in the level of meat, milk and butter production per capita we shall be releasing a mighty torpedo at the mainstays of capitalism.

In spite of Russian claims of superiority in many areas, some of which claims we know are true, they readily admit our superiority in the production of food and fiber.

Unless we use the results of our productive agricultural capacity to further our cause in the struggle for peace, however, we are wasting this superiority.

Is it not paradoxical that, with the future of the free world at stake, we hear unending discussion about burdensome surpluses, when millions of people throughout the world, some in our own country, go to bed hungry?

Why cannot we use some of our agricultural productivity as a blessing and not as a burden?

Public Law 480 offers a unique opportunity to this end.

In addition, it serves to stimulate and develop markets for American products in foreign countries; because, through the use of foreign currencies, it gives other countries the opportunity to purchase our products, which otherwise they would not be able to do.

Finally, it is clear that Public Law 480 provides the means whereby surplus agricultural commodities not needed for domestic uses can be utilized as an im-

portant phase of our foreign policy program.

Mr. President, the Missouri Farmers Association is the largest farm organization in Missouri. Its president, Mr. Fred V. Heinkel, is one of our most distinguished citizens. I ask unanimous consent that an article by Mr. Heinkel, entitled "Food Can Lead the Way," which appeared in the December 1957 issue of the Missouri Farmer's magazine, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### FOOD COULD LEAD THE WAY

(By Fred V. Heinkel)

Amid the excitement of launching objects into outer space, we in the United States continue to lament the possibility that we're losing our position of world leadership to Russia. But I maintain that this Nation today has overlooked an asset which, if properly used, could turn the tables on the Communists.

Our sputnik is the ability to produce an abundance of food. When we can work out a way to seat the people of the world around America's dinner table, the Communist dictators might just as well throw in the sponge.

Nikita Khrushchev, the talkative Soviet Communist Party chief, recognizes the importance of our agricultural production and calls it the mainstay of capitalism. In a speech to a gathering of farm directors and specialists in Leningrad a short time ago, Khrushchev said: "We are not going to blow up the capitalist world with bombs. If we overtake the United States in the per capita production of meat and butter and milk, we shall have hit the pillars of capitalism with the most powerful torpedo yet seen."

The Russian dictator went on to say that if the Soviet Union could accomplish this agricultural feat it would make people flock to our side in an increasing number. He then predicted that the Soviets would catch up with the United States in this respect within 4 years.

Should we fail to make the most of our present lead in the field of agriculture, I predict that such lack of initiative will one day cause more furor than all the launchings of missiles, planets, and the like.

SHERMAN COOPER, distinguished former Ambassador to India and now a Republican Senator from Kentucky, is familiar with the problems of the world's undeveloped areas. In a talk last August, COOPER made this statement:

"We should not underestimate the crucial importance of food to countries which have seldom had enough to feed the people. In the newly independent countries of the world, governments are faced with sharp and insistent demands by their people for more food and clothing—simple things, which we take for granted—the first demands which the achievement of political freedom has permitted them to voice. If the democratic governments of these countries cannot meet this first and basic need, their people will question democratic methods and may in time look for other systems of government."

Why is it that we have such difficulty in recognizing the blessing of our abundance of food? Why, when such a vast majority of the world's population goes to bed hungry every night, do we mistreat, berate, and apologize for our surplus of food? How can we be so shortsighted as to look on our abundance as a surplus when such conditions exist?

Perhaps one reason why we fail to appreciate the potential of our agricultural abilities, is that in American hunger is just another six-letter word. It seems our main

worry is over the possibility of war—and the thought of a worldwide conflict is certainly frightening. Yet to the vast majority of the people on the European and Asiatic Continents, the fear of war takes second place to that of famine.

HUBERT HUMPHREY, Senator from Minnesota, recently stated: "A country such as ours, which has a very fine and modern and up-to-date agricultural economy, a country such as our which has the God-given blessing of abundance instead of scarcity, ought to be using every means at its command to use this positive element, namely food, and build strength with it."

The express objective of communism is to dominate the world. The classic approach of a Communist nation is to emphasize industry even at the expense of starving the people—look at China, as well as Russia—and to parade its military might before its subjects and the world with the inferred threat that criticism or interference will be met with retaliation and oppression.

What have we done to counteract such brutish action? Does our approach prove that we are different? Can the man-in-the-street in India, Turkey, or Japan note any difference in the announcement of a parade of Russian tanks led by a hammer-and-sickle color guard, or a show of force by a fleet of battleships flying the Stars and Stripes? Are the Syrians aware of the difference? I doubt it.

We know that our forces are sent to protect, not dominate. But the common man in many nations of the world can, if at all, barely read or write. He can scarcely be expected to make decisions based on free-world versus communistic philosophy when he knows little about either. He believes what he sees, and what he is told by others.

It costs \$10 million to put a B-52 on the runway of a SAC airbase. How many tons of beef, how many bushels of wheat, how many cases of dried milk could America send across the sea for \$10 million?

I'll tell you. We could send enough to bring smiles to the faces of thousands of hollow-eyed youngsters; we could send enough to show the people in some starved country that we practice the Christian principles which we so often preach; we could send enough to make a start in strengthening the shaky economy of some nation on the verge of falling into the communistic camp.

Granting the desirability of a well-managed program of military assistance to our free-world friends, I would ask, What could we accomplish if we would go the second mile and work out a method to share with others our abundance of food? The reason this Nation enjoys such a high standard of living is because the efficiency of agriculture has made it possible for almost 90 percent of our population to go about building cars and homes and providing other conveniences without a need to worry about food.

In many nations of the world it is just the opposite—their problem lies in the fact that the bulk of their population is needed to produce food to keep people alive. We could provide them with food and release that manpower to build their industry and boost their standard of living. We could extend to the world the advantage which a highly productive and efficient agriculture has brought to America.

Such an approach would require a change in our thinking. It would mean a reevaluation of our agricultural resources. It would require the recognition of our productive abilities as a blessing rather than a problem. It would mean a realistic facing-up to what have been weak and biased excuses about the possibilities of expanding world trade. It would mean laying bare the selfish interests which have too often directed our steps.

But it could be the first major move toward peace in the history of the world.



And the United States could lead the way.

This Nation is now contemplating an all-out effort to match Soviet accomplishments in the scientific field. I have no doubt we can do it. But I believe of greater significance is the fact that we now have at our fingertips the means for a peaceful solution to the world's real problem. When will we awaken to the realization that our agricultural ability is the greatest deterrent to war and the most powerful tool for peace today.

### ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, March 19, 1958, he presented to the President of the United States the following enrolled bills:

- S. 147. An act for the relief of Guido William Grambergs;
- S. 161. An act for the relief of Elias Youssef Mikhael (Ellis Joseph Michael);
- S. 285. An act for the relief of Paul Gustin;
- S. 1249. An act for the relief of Martha A. Calvert;
- S. 1287. An act for the relief of Heinz August Schwarz;
- S. 1331. An act for the relief of John P. Souvaldzis;
- S. 1359. An act for the relief of Franz Hehn;
- S. 1403. An act for the relief of Michael James Bolger;
- S. 1543. An act for the relief of Dorene I. Fast;
- S. 1600. An act for the relief of the C-L Electric Co.; and
- S. 2110. An act for the relief of Shirley Leeke Kilpatrick.

### RECESS

Mr. ELLENDER. Mr. President, if there is no further business to come before the Senate, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 27 minutes p. m.) the Senate took a recess until tomorrow, Thursday, March 20, 1958, at 12 o'clock meridian.

### NOMINATIONS

Executive nominations received by the Senate March 19 (legislative day of March 17), 1958:

#### FEDERAL MARITIME BOARD

Thomas Edward Stakem, Jr., of Virginia, to be a member of the Federal Maritime Board for a term of 4 years expiring June 30, 1962. (Reappointment.)

#### UNITED STATES ATTORNEYS

Maurice Paul Bois, of New Hampshire, to be United States attorney for the district of New Hampshire for a term of 4 years. (Reappointment.)

Theodore F. Bowes, of New York, to be United States attorney for the northern district of New York for a term of 4 years. (Reappointment.)

#### UNITED STATES MARSHALS

William Raab, of Nebraska, to be United States marshal for the district of Nebraska for a term of 4 years. (Reappointment.)

J. Bradbury German, Jr., of New York, to be United States marshal for the northern district of New York for a term of 4 years. (Reappointment.)

George M. Glasser, of New York, to be United States marshal for the western district of New York for a term of 4 years. (Reappointment.)

B. Ray Cohoon, of North Carolina, to be United States marshal for the eastern district of North Carolina for a term of 4 years. (Reappointment.)

Dewey Howard Perry, of Vermont, to be United States marshal for the district of Vermont for a term of 4 years. (Reappointment.)

#### POSTMASTERS

The following-named persons to be postmasters:

##### ALABAMA

James S. Somerville, Aliceville, Ala., in place of R. H. Kirksey, resigned.  
Virgil Wallace Fuller, Five Points, Ala., in place of A. M. Causey, retired.  
William C. Wilson, Hodges, Ala., in place of H. P. Haynes, deceased.  
Howard R. Jordan, Leighton, Ala., in place of G. C. Spangler, retired.  
John Lee Betts, Monroeville, Ala., in place of E. E. Yarbrough, retired.  
Marvin E. McKee, Pinson, Ala., in place of G. R. Tyler, retired.  
Sara Jo Green, Pleasant Grove, Ala., in place of Elizabeth Morton, retired.  
Jack D. Pence, Somerville, Ala., in place of C. P. Johnston, retired.  
Thomas O. Rudder, Stevenson, Ala., in place of E. O. Mann, retired.  
Newton J. Robinson, Verbena, Ala., in place of G. W. Deramus, resigned.

##### ARKANSAS

Vera M. Garrick, Hemitage, Ark., in place of J. I. Garrick, retired.

##### CALIFORNIA

Laura W. McNeil, El Cerrito, Calif., reestablished September 21, 1957.  
Wallace R. Cate, Lakeside, Calif., in place of W. S. Oaks, removed.  
Mary G. Mosby, Myers Flat, Calif., in place of G. F. Cloney, resigned.  
Harold A. James, Oroville, Calif., in place of P. R. Walsh, retired.  
Morris S. Butz, San Joaquin, Calif., in place of M. G. Hernandez, resigned.

##### CONNECTICUT

Ralph F. Camp, Bridgewater, Conn., in place of B. B. Randall, retired.  
William H. Hills, Hebron, Conn., in place of A. E. Porter, retired.

##### HAWAII

Thomas M. Shigeta, Halaula, Hawaii, in place of A. C. Kong, transferred.  
Shinobu Morimoto, Pepeekeo, Hawaii, in place of J. L. Spalding, retired.

##### IDAHO

Mary Jeane Jones, Donnelly, Idaho, in place of E. E. Moore, removed.  
Glen E. Levers, Payette, Idaho, in place of L. M. Bowman, deceased.

##### ILLINOIS

Chauncey C. Glosser, Decatur, Ill., in place of R. E. Ellison, resigned.

##### INDIANA

Geraldine M. Johnson, Ashley, Ind., in place of B. L. Gage, retired.  
James R. Davis, Flora, Ind., in place of Chester Wagoner, retired.  
Gerald W. Scott, Floyds Knobs, Ind., in place of J. O. Best, retired.  
Lowell M. Roose, Nappanee, Ind., in place of F. I. Troup, retired.  
Arch Ralph, Sullivan, Ind., in place of C. O. Hall, retired.  
Wesley William Mack, Wanatah, Ind., in place of L. J. Rosenbaum, transferred.

##### KANSAS

Eldon E. Klinzmann, Agra, Kans., in place of M. B. Hayes, transferred.  
Vernon Ralph Bean, Anthony, Kans., in place of A. H. Poundstone, retired.  
Eldor I. Duensing, Bremen, Kans., in place of J. J. Sedlacek, retired.  
Wilbur Milton Talkington, Matfield Green, Kans., in place of J. E. Snedegar, retired.

Robert Anderson, Scammon, Kans., in place of P. J. Jolly, retired.

##### KENTUCKY

Kermit W. Cook, Beaver Dam, Ky., in place of E. M. Martin, retired.

##### LOUISIANA

Everett Hill, Pitkin, La., in place of C. W. Carson, retired.

Robert H. Welch, Robeline, La., in place of E. T. Cutrer, deceased.

Lillian T. Martin, Ruston, La., in place of E. D. McCallum, retired.

##### MAINE

John C. Swett, Howland, Maine, in place of E. F. McCloskey, retired.

Victor C. Brown, New Sharon, Maine, in place of V. G. Brown, retired.

Wilmot R. Crandlemire, Vanceboro, Maine, in place of R. E. Swaney, deceased.

##### MARYLAND

Adam M. Kraisser, Hanover, Md., in place of F. C. Finnerty, resigned.

John R. Corun, Jr., Jefferson, Md., in place of W. H. Horine, retired.

William R. Long, Sharpsburg, Md., in place of B. A. Palmer, deceased.

Anna N. Moore, White Marsh, Md., in place of R. M. Moore, resigned.

##### MASSACHUSETTS

Marion P. Norman, Bellingham, Mass., in place of R. S. Thayer, retired.

Albert A. Gaukroger, Beverly, Mass., in place of R. W. Fegan, retired.

Sydney E. St. Peters, Conway, Mass., in place of C. J. Dacey, retired.

Eleanor F. Ricker, West Chelmsford, Mass., in place of R. G. Anderson, retired.

Theodore A. Swieca, West Groton, Mass., in place of M. M. Hill, retired.

##### MICHIGAN

Roger W. Bergdahl, Ishpeming, Mich., in place of J. T. Burke, removed.

Donald D. Iverson, Lake City, Mich., in place of C. C. Lerg, retired.

##### MINNESOTA

Rudolph F. Berg, Jr., Bagley, Minn., in place of W. C. Wiench, retired.

Robert G. Westrup, Eden Valley, Minn., in place of L. B. Rothstein, resigned.

Kenneth L. Lutner, Reading, Minn., in place of F. W. Nord, retired.

##### MISSISSIPPI

Relford W. Castens, Camden, Miss., in place of J. S. Rimmer, retired.

Joseph D. Buckalew, Richton, Miss., in place of S. W. Johnson, transferred.

Charles F. Crigler, Starkville, Miss., in place of R. H. Redus, retired.

James W. Anderson, West Enterprise, Miss., in place of I. L. Moore, transferred.

##### MISSOURI

Joseph E. Manson, Keytesville, Mo., in place of O. L. Davis, deceased.

Wayne N. Welker, Williamstown, Mo., in place of J. S. Smith, retired.

##### NEBRASKA

Leonard L. Larsen, Fremont, Nebr., in place of F. S. Perkins, retired.

Denny L. Stecher, Hooper, Nebr., in place of F. A. Ott, transferred.

Aaron E. Brodhagen, Pierce, Nebr., in place of B. P. Boyd, retired.

##### NEVADA

Myrtle M. Curtis, Weed Heights, Nev., in place of A. M. Houck, resigned.

##### NEW JERSEY

Harold G. Tucker, Bayonne, N. J., in place of P. J. McGrath, deceased.

Wallace H. Harvey, Far Hills, N. J., in place of H. F. Sawyer, retired.

Warren J. Binns, Jr., Garwood, N. J., in place of J. F. Dugan, retired.

John A. Castellano, Mount Ephraim, N. J., in place of J. B. Beaston, retired.



## NORTH CAROLINA

Audrey H. Cashatt, Randleman, N. C., in place of S. F. Matthews, retired.  
Malcolm Vance Hickman, Winston-Salem, N. C., in place of W. B. Booe, resigned.

## OHIO

Gail E. Collins, Lakeview, Ohio, in place of B. L. Geiger, removed.  
Lloyd E. Ullman, Lower Salem, Ohio, in place of B. M. Watkins, deceased.  
William Patrick Lochary, Pomeroy, Ohio, in place of Albert Russell, Jr., removed.  
Robert M. Talmage, Sabina, Ohio, in place of C. L. Sparks, deceased.

## OKLAHOMA

Lora A. S. Workman, Caney, Okla., in place of L. N. Simpson, retired.  
Albert S. Bowerman, Cement, Okla., in place of B. D. Barnett, deceased.  
Harriet T. Howard, Keystone, Okla., in place of Arthur Duck, deceased.  
Ray K. Babb, Jr., Mangum, Okla., in place of J. W. Wheeler, resigned.  
Joy McLain, Pocasset, Okla., in place of R. L. Dobry, transferred.

## OREGON

Joseph W. Dougherty, Aumsville, Oreg., in place of H. E. Way, resigned.  
Eva A. Murray, Dayville, Oreg., in place of W. W. Mascall, retired.  
Lucile R. Olney, Hammond, Oreg., in place of Carl Burk, deceased.  
Lulu C. Sheasley, McKenzie Bridge, Oreg., in place of Willis Brewster, retired.

## PENNSYLVANIA

Gerald Kilmer, Avondale, Pa., in place of A. S. Keating, retired.  
Janet C. Marsico, Cheswick, Pa., in place of L. H. Lockerman, transferred.  
Aleda U. Shumaker, Jerome, Pa., in place of Joseph Pugh, retired.  
Pauline A. Gossick, Stiles, Pa., in place of M. M. Benninger, retired.

## TEXAS

Alton B. Daniels, Bynum, Tex., in place of M. B. Rankin, retired.  
Dorothy M. Henly, New Deal, Tex., in place of G. W. Henly, resigned.  
Ruth J. Mras, Port Isabel, Tex., in place of M. E. Graves, retired.  
Joseph L. Strother, Jr., Santa Anna, Tex., in place of F. C. Woodward, retired.  
Robert L. Jones, Tom Bean, Tex., in place of Eva Devine, retired.

## UTAH

Edwin W. Johnson, Bingham Canyon, Utah, in place of E. T. James, transferred.

## VERMONT

James A. Colburn, Lyndon Center, Vt., in place of H. F. Mason, retired.

## VIRGINIA

Lela O. Scott, Amelia Courthouse, Va., in place of G. C. Ligon, retired.  
Wilmer J. Whitaker, Fries, Va., in place of G. K. Fielder, retired.  
Harold E. Abbott, Goode, Va., in place of J. S. McCauley, retired.  
William N. Legard, Marshall, Va., in place of H. H. Russell, retired.  
Grace Alleene Ringstaff, Pounding Mill, Va., in place of M. E. Thomas, retired.  
James L. Whitlow, Sandston, Va., in place of R. H. Woodall, retired.  
Maud N. Ridley, Stony Creek, Va., in place of M. W. Lewis, transferred.  
Roy M. Cleek, Warm Springs, Va., in place of W. G. Cleek, resigned.  
Christine D. James, Waterford, Va., in place of J. J. James, deceased.

## WASHINGTON

Harold H. Bechtold, Forks, Wash., in place of T. H. Mansfield, resigned.  
Marion L. Ellsworth, Inchellum, Wash., in place of N. B. Judd, deceased.

John H. Gray, Shelton, Wash., in place of Warren Lincoln, resigned.  
Bonnie M. Wade, Westport, Wash., in place of Everhard Nyhus, retired.  
Darrell G. Dufresne, Jr., Winthrop, Wash., in place of R. M. Badger, retired.

## WEST VIRGINIA

Clara W. Haga, Cairo, W. Va., in place of C. E. Heckert, retired.  
Gladys M. Lewis, Camden on Gauley, W. Va., in place of A. S. Been, retired.  
Frances Adams, Hugheston, W. Va., in place of A. H. Taylor, retired.  
Norman Edward Wagner, Marlinton, W. Va., in place of Kerth Nottingham, removed.  
Frank H. Hardesty, Matoaka, W. Va., in place of V. L. Farley, deceased.  
William A. Swearingen, Parkersburg, W. Va., in place of Fred Gainer, deceased.  
James Woodrow Smith, Sophia, W. Va., in place of O. L. Green, retired.  
Granville Curtis Sexton, Welch, W. Va., in place of Ann Fletcher, retired.

## WISCONSIN

Jake Van Bendegom, Kenosha, Wis., in place of P. M. Saftig, deceased.

## WYOMING

Rouse W. Anderson, Ten Sleep, Wyo., in place of F. H. Shriver, resigned.

## CONFIRMATIONS

Executive nominations confirmed by the Senate March 19 (legislative day of March 17), 1958:

## POSTMASTERS

## ALASKA

Irene A. Begin, Aniak.

## CALIFORNIA

Claude B. Hetherington, Calexico.  
Fred G. Strong, Carmel.  
Darrel Lawrence Bungan, Claremont.  
Robert H. Kingham, Kelton.  
Donald E. Rothrock, Mira Loma.  
Robert T. Sheldon, Paradise.  
John H. Brass, Santa Maria.  
Joseph R. Stanich, Sunnyvale.  
Robert J. Bloodgood, Twentynine Palms.  
Earl H. Chamberlain, Vacaville.  
Fred W. Linnerman, Watsonville.

## CONNECTICUT

Horace Edward Leonard, Durham.  
Charles W. Lindsay, Fairfield.

## DELAWARE

Aubrey W. Pugh, Hockessin.

## GEORGIA

James P. Burroughs, Colbert.  
George T. Holloway, Midville.

## IDAHO

Robert H. Braithwaite, Arco.  
Edward L. Moberly, Middleton.  
Boyd R. Moore, New Meadows.  
Floyd K. Libey, Potlatch.

## INDIANA

Charles E. Sweany, Crothersville.  
Charles L. Oxley, Evansville.  
Twanette S. Coleman, Forest.  
Don Hubert Neff, Goshen.  
Gerald B. Eitnier, Hillsboro.  
Paul H. Miller, Macy.  
Russell F. Berkheiser, Ossian.  
Max I. Ward, Spencerville.

## IOWA

Lloyd L. Giltner, Agency.  
Bernard H. Richter, Ashton.  
Roger M. Galloway, Cedar Falls.  
Paul E. Garthwaite, Charles City.  
Paul F. Hoyt, Cherokee.  
John R. Johnson, Mallard.  
John H. Pazour, Marion.  
James C. Houle, Mechanicsville.  
Benjamin P. Flack, Jr., Osage.  
James L. Brown, Peterson.

Helen T. Kernan, Ralston.  
Norman O. Walk, South English.

## -KANSAS

Tomas L. Kauble, Arcadia.  
Francis W. Johnson, Argonia.  
Gene C. Montgomery, Barnard.  
William L. Pool, Bronson.  
Harold T. Stodard, Burlingame.  
Emmett E. Sutherland, Galena.  
Ray D. Wiley, Lyndon.  
Chalmers A. Hawks, Nickerson.  
Harlin L. Hornbostel, Palmer.  
Samuel P. Bell, Scranton.  
Edward A. Fink, Stilwell.

## KENTUCKY

William H. Burgess, Arlington.  
Charles B. Neville, Park City.  
Garrett L. Robey, Stamping Ground.

## LOUISIANA

Samuel D. Casteberry, Ferriday.  
Louise M. Townsend, Gilbert.  
Olive J. Dejean, Hodge.  
Andrew H. Ferguson, Marlon.  
Wanza C. Keaton, Tangipahoa.

## MAINE

Gerard B. Guay, Bingham.  
Marshall F. Holmes, Jefferson.  
Hubert A. Cowan, Newcastle.

## MARYLAND

Robert Joseph Sellner, Jessup.  
Eliot W. Sperry, Lutherville-Timonium.

## MASSACHUSETTS

Ernest A. Whitman, Centerville.  
Arthur Edison Coakley, East Brewster.  
Edward H. Morse, Mansfield.  
Frank E. Dudley, Mendon.  
Burton S. Young, Orleans.  
William T. Bowden, Wales.  
Samuel James Currie, Whitinsville.

## MINNESOTA

Orvind P. Nichols, Borup.  
Howard C. Eichhorn, Hill City.  
Herbert M. Koster, Pequot Lakes.

## MISSISSIPPI

Bester L. Files, Ackerman.  
Andy J. Becker, Bay St. Louis.  
Calvin J. Meaders, Hickory.  
John T. Miller, Myrtle.  
Ola L. McMath, Sidon.

## MONTANA

Walter R. Richards, Hall.  
Frank F. Pisk, Terry.

## NEBRASKA

Mildred M. Heikes, Dakota City.  
George A. Fenske, Jr., Dunbar.  
Bryce E. Heckman, Hickman.  
Wilmer G. Tollefsen, Kearney.  
Sheldon B. Mitchell, Nehawka.  
Quintin L. Nicholas, Palmer.

## NEW HAMPSHIRE

Edwin F. Locke, Amherst.  
David R. Elder, Dublin.  
Phillip M. Clark, Marlboro.  
Allan H. MacDougall, Milan.  
Arthur J. Denault, Plaistow.

## NEW JERSEY

Timothy J. Flynn, Livingston.  
Guido V. Carsocci, Osbornsville.  
Frank Magill, Jr., Pompton Lakes.

## NEW YORK

Leighton C. Austin, Alfred Station.  
Merritt Pember Newberry, Canastota.  
Ralph Seaman Lansing, Castleton on Hudson.  
Clarence H. Tabor, Cato.  
Frederick L. Gifford, Clifton Springs.  
Hampton B. Scofield, Cold Spring.  
Gordon Raymond Shepardson, Elmira.  
James George Dougall, Evans Mills.  
Heber Ashley, Jr., Grand Island.  
Anthony J. Wirmusky, Hoosick Falls.  
Joseph F. Clark, Hughsonville.  
Everett W. Mussen, Keeseville.



Calendar No. 1378

85<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 3420**

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IN THE SENATE OF THE UNITED STATES

MARCH 19 (legislative day, MARCH 17), 1958

Ordered to lie on the table and to be printed

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## **AMENDMENT**

Intended to be proposed by Mr. CASE of South Dakota to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, viz:

- 1       On page 4, line 9, after the word "Corporation" insert
- 2   a period and strike out the balance of the sentence to and
- 3   through the period in line 13.

3-19-58—E

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## **AMENDMENT**

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Intended to be proposed by Mr. Case of South Dakota to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

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MARCH 19 (legislative day, MARCH 17), 1958  
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Calendar No. 1378

85TH CONGRESS  
2D SESSION

# S. 3420

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IN THE SENATE OF THE UNITED STATES

MARCH 19 (legislative day, MARCH 17), 1958

Ordered to be printed

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## AMENDMENTS

Proposed by Mr. HUMPHREY to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, viz:

1       On page 3, line 8, before the word "materials" insert  
2 "strategic and other".

3       On page 4, line 8, strike out the word "Materials" and  
4 insert "Strategic materials".

5       On page 4 strike out section 6.

3-19-58—C

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# AMENDMENTS

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Proposed by Mr. HUMPHREY to the bill (S. 3420)  
to extend and amend the Agricultural Trade  
Development and Assistance Act of 1954.

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MARCH 19 (legislative day, MARCH 17), 1958  
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Calendar No. 1378

85TH CONGRESS  
2D SESSION

# S. 3420

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IN THE SENATE OF THE UNITED STATES

MARCH 19 (legislative day, MARCH 17), 1958

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. JENNER to the bill (S. 3420)  
to extend and amend the Agricultural Trade Development  
and Assistance Act of 1954, viz: At the end of the bill insert  
the following:

- 1 Section 107 of Public Law 480 is hereby amended
- 2 by adding the following: "or (3) any nation which has in-
- 3 dicated directly or indirectly that it will support the Soviet
- 4 Union, the Communist government of China, or any other
- 5 Communist government, in event of hostilities between such
- 6 government and the United States".

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# AMENDMENT

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Intended to be proposed by Mr. JENNER to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

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MARCH 19 (legislative day, MARCH 17), 1958  
Ordered to lie on the table and to be printed









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued March 21, 1958  
For actions of March 20, 1958  
85th-2d, No. 45

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HIGHLIGHTS: House passed measure to freeze price supports and acreage allotments. Senate passed bill to extend Public Law 480. Sen. Cooper commended Secretary for expanding farm housing loan program. Senate made bill to transfer certain functions under Packers and Stockyards Act to FTC unfinished business.

## HOUSE

1. PRICE SUPPORTS; ACREAGE ALLOTMENTS. Passed, as reported, by a vote of 210 to 172, S. J. Res. 162, to prohibit reductions in price supports or acreage allotments below 1957 levels (pp. 4355-4400). Adopted the Committee amendment to make the measure effective as to price supports only for the 1958 marketing year and as to acreage allotments only through the 1959 crops (pp. 4383-7). Rejected, 41-99, Rep. Hagen's amendment to strike out of the national acreage allotment the present special allotment of 100,000 acres for the 4-acres-or-less upland cotton and rice growers (pp. 4387-91). Rejected, 94-132, Rep. Tewes amendment to strike from the measure all commodities except dairy (pp. 4391-4). Rejected, 173-210, Rep. Harvey's motion to recommit the measure with instructions to report back with amendments to freeze dairy price supports only (p. 4399).
2. ANNUAL LEAVE. The Post Office and Civil Service Committee reported with amendment H. R. 7710, to provide for the lump-sum payment of all accumulated and accrued annual leave of deceased Government employees (H. Rept. 1539). p. 4413



3. FORESTRY. The Public Lands Subcommittee ordered reported to the Interior and Insular Affairs Committee H. R. 6198, to transfer 6,000 acres from the Sequoia National Park to the Sequoia National Forest. p. D239
4. MEATPACKERS. The Rules Committee deferred action on the granting of a rule on H. R. 11234, to grant the FTC certain jurisdiction over meatpackers. p. D239
5. APPROPRIATIONS. House conferees were appointed on H. R. 10881, the second supplemental appropriation bill. Senate conferees have been appointed. p. 4402  
The Appropriations Committee was given until midnight, Fri., Mar. 21, to file a report on the independent offices appropriation bill for 1959. Rep. Vursell reserved all points of order on the bill. p. 4350
6. BUDGETING. Rep. Zelenko criticized the withholding of funds appropriated by Congress, in reserves or for use for other purposes as being contrary to the Constitution and the intent of Congress, and urged enactment of legislation to prevent such withholding. p. 4350
7. AREA DEVELOPMENT. Rep. Lane urged adoption of an area development program to aid communities with large numbers of unemployed workers. p. 4406
8. FARM PROGRAM. Rep. Henderson discussed and inserted a public opinion poll of his district, in which 65% favored ending agricultural controls and price supports. pp. 4409-10
9. FEDERAL AID; ECONOMIC SITUATION. Rep. Alger insisted Federal aid was not needed and pointed to the personal income statistics for Feb. 1958 as proof that there was no recession today. p. 4349
10. LEGISLATIVE PROGRAM. Rep. McCormack announced that the independent offices appropriation bill would be considered Mar. 25-8, and the Labor, Health, Education, and Welfare Departments appropriation bill would be brought up on Mar. 27 (pp. 4389-90).
11. ADJOURNED until Mon., Mar. 24. p. 4413

SENATE

12. SURPLUS COMMODITIES; FOREIGN TRADE. Passed with amendments S. 3420, to extend Public Law 480. pp. 4306-15, 4317, 4318-35, 4338-39  
Agreed to the following amendments:  
By Sen. Aiken, as modified by an amendment by Sen. Humphrey, to strike out sections 5 and 6 of the bill. Section 5 would have provided for an expanded barter program of up to \$500 million for disposal of surplus commodities. Sen. Aiken explained that section 6, as modified by Sen. Humphrey's amendment, would have provided as follows: It "would require the payment of the regular rates of duty on nonstrategic materials obtained under barter deals. Also, it would not require other agencies of the Government to buy nonstrategic materials from the Commodity Credit Corporation; it would leave to the Commodity Credit Corporation to hold such goods as might be obtained." The vote on the modified amendment was 44 to 39. pp. 4306-15, 4317  
By Sen. Martin, Iowa, to provide that no strategic or critical material shall be acquired by CCC by barter or exchanges except for the national stockpile, for the supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs. p. 4323



By Sen. Johnston, to amend section 7 of the bill to provide that products manufactured from upland or long-staple cotton shall be made available for sale under title I as long as cotton is in surplus supply. p. 4323

Rejected the following amendments:

By Sen. Case, S. Dak., by a vote of 25 to 58, which he explained would have provided "that foreign currencies received from the sale of agricultural commodities should, first of all, be credited to the advances which have been made by the CCC, so that the accounts, so to speak, with respect to the surplus commodities would no longer be charged with the moneys involved here, after the payment had been received. The second point is that when the money had been received, and the CCC accounts had been squared up, the money would rest in a foreign currency fund within the Treasury, from which it would be disbursed in specified amounts by appropriation bills to be acted upon by the Congress." pp. 4318-22

By Sen. Jenner, as modified by an amendment by Sen. Bridges, which would have further defined "friendly nation" under the act as "any nation which has not assured the President directly or indirectly it will not support the Soviet Union, the Communist government of China, or any other Communist government, in event of hostilities between such government and the United States." The vote on the modified amendment was 24 to 53. pp. 4323-31

By Sen. Williams, by a vote of 38 to 42, which would have limited extension to titles I and II of the act to one year, or to June 30, 1959, instead of for two years. pp. 4331-35

13. MEAT PACKERS. S. 1356, to transfer certain functions under the Packers and Stockyards Act from this Department to FTC was made the unfinished business. pp. 4337-38
14. FARM HOUSING. Sens. Cooper and Sparkman commended the Secretary's announcement of expanded loan programs for construction work on farm housing and grain storage facilities. pp. 4345-46
15. EXPORT-IMPORT BANK. After reconsidering the action of Mar. 3, 1958, in passing S. 3149, to increase the lending authority of the Export-Import Bank of Washington, the bill was again passed without amendment. pp. 4335-37
16. FORESTRY. The Interior and Insular Affairs Committee reported with amendments S. 2318, to provide for the conveyance of certain Forest Service lands to Salem, Ore. (S. Rept. 1405). p. 4297
17. WHEAT IMPORTS. The Agriculture and Forestry Committee reported with an amendment S. 666, to increase the duty on imported wheat treated with poisonous substances which is unfit for human consumption (S. Rept. 1406). p. 4297
18. FARM PROGRAM. Sen. Proxmire criticized the Secretary's farm policies, and inserted an article quoting former Congressman Hope as being critical of these policies. pp. 4301-02  
Sen. Humphrey inserted a series of articles sponsored by the United Press "giving the pros and cons of farm issues confronting the country," including an article by himself and by the Secretary. p. 4341-42
19. DAIRY INDUSTRY. Sen. Thye inserted a letter from the Nat. Independent Dairies Assoc., commending him for his "interest in the problems of the small-dairy man." p. 4316



20. WILDERNESS AREAS. Sen. Symington inserted several articles favoring legislation to establish more wilderness areas from the public lands of the U. S., including forest lands. pp. 4304-05
21. FARM POLICIES. Sen. Humphrey inserted the recent address of former President Truman before the Farmers Union convention in which he discussed farm policies pp. 4339-41
22. ECONOMIC CONDITIONS. Several Senators discussed and inserted material on the current economic situation. pp. 4299-4300, 4346-46, 4342-44
23. MEAT PRICES. Sen. Williams inserted a newspaper article, "Top Steer Prices Hit Highest Level Since 1952 on Heavy Demand - Hogs also Show Gain." pp. 4344-45
24. LEGISLATIVE PROGRAM. Sen. Gore announced that the House amendments to S. J. Res. 162, to freeze price supports and acreage allotments, may be taken up today, Mar. 21. Sen. Knowland objected to consideration of the measure at that time. p. 4348

#### ITEMS IN APPENDIX

25. WATER RESOURCES. Extension of remarks of Sen. Mundt commending and inserting an address by Charles I. Danforth, president Miss. Valley Ass'n, "Water Resources in a Growing Economy." pp. A2633-4
26. PERSONNEL. Extension of remarks of Sen. Neuberger commending the Nat'l Ass'n of Retired Civil Employees, urging increased annuities, and inserting an article "'NARCE,' A Group of Civil Veterans." pp. A2635-6
27. RECLAMATION; ELECTRIFICATION. Extension of remarks of Sen. Yarborough describing the "tremendous" importance of the development of the McGee Bend Dam, in east Texas. pp. A2636-7  
Sen. Johnston inserted an article discussing the great value to Ga. and S. C. of the proposed Hartwell Dam. p. A2637
28. FARM PROGRAM. Extension of remarks of Rep. McGregor expressing hope that the majority of the Agriculture Committee will "recognize that a program is needed which will ultimately allow us to get rid of controls..." pp. A2637-8  
Extension of remarks of Sen. Proxmire stating that "It appears, Mr. President, that the civil service economists at the Department issued a report on the farm population situation which Mr. Benson does not want to permit the public to see"; and inserting 2 newspaper editorials, "Reuss May Ask Probe In Burning of Books on Farm Statistics," and "The Case of Burned Agriculture Department Booklets is Growing Hotter." pp. A2640-1  
Extension of remarks of Sen. Neuberger inserting an article, "Oregon Crops Register Gain During 1957, But Profits to Farmers Prove Elusive." pp. A2648-9  
Extension of remarks of Rep. Dwyer inserting an editorial, "Chosen As the Whipping Boy," and stating that "it thoughtfully discusses some of the real problems involved in administering a Federal agriculture policy..." pp. A2656-7  
Extension of remarks of Rep. Schwengel inserting remarks of Richard Stephens, farmer and State (Iowa) representative, concerning various farm problems and raising some questions about the "farmer's dilemma in today's market." pp. A2688-70



men have spoken for more of us than is generally recognized.

What is a wilderness?

It is, by the strict dictionary definition, an area that is uncultivated and uninhabited by man. In a larger sense it is a sanctuary for all the primal realities of nature unchanged.

But do not the national parks already provide sufficient sanctuaries for wildness?

In the back country of a number of national parks there are wonderful stretches of unspoiled wilderness. However, the fundamental purpose of a national park has not been to preserve wildness as such. It is to protect and make available to the public some superb example of natural splendor, some area that is unique.

The significance of the wilderness area, on the other hand, lies in characteristics that it shares with all other wilderness areas; namely, natural conditions as completely untouched and unaltered as is consistent with its protection and use as wilderness.

The whole program of wilderness preservation, although never formulated as such by Congress, has grown steadily in importance and popular interest. Its greatest danger at present is the fact that the status of any area can be altered merely by administrative decree. A more solid foundation in law is required if the areas that have already been set aside are to continue as land forever wild.

It is for this purpose that Senator HUMPHREY, with a group of cosponsors in the Senate, and Representative JOHN P. SAYLOR, and others, in the House, introduced into the 85th Congress a bipartisan bill to establish a National Wilderness Preservation System.

For the first time, it would give legal recognition to wilderness preservation as a national policy. It would designate specific areas to be set aside. It would outline the public policy in regard to them—such as that man himself is a member of the natural community who visits but does not remain and whose travels leave only trails.

It would set up a central advisory and information group, a repository of files for the System, known as the National Wilderness Preservation Council. In the main, the bill would preserve the status quo. No new land administration agency would be set up. Jurisdiction would continue, as in the past, in various agencies of the Government.

Known as the national wilderness preservation bill, it represents one of the most important steps forward in the history of wilderness preservation in America.

#### PROPOSED ADDITIONAL UNEMPLOYMENT COMPENSATION BENEFITS

Mr. ROBERTSON. Mr. President, the morning papers state that President Eisenhower informed a group of governors yesterday that he would recommend to the Congress a bill authorizing the payment of 13 additional weeks of unemployment compensation benefits.

Those who have not served in the Congress for the past 17 years may be unaware of the fact that this is the fifth time a proposal of similar nature has been made to the Congress. Three of the bills were considered by the House Ways and Means Committee, of which I was then a member, and the fourth by the Senate Finance Committee, when Senator George was chairman.

Neither committee reported any bill on this subject, for the simple reason that the Congress has no constitutional right to appropriate public funds for the benefit of one individual or a relatively

small group of individuals solely because he or they may be temporarily unemployed. In addition the proposals, first in 1942 as a mere grant to the States, and then in 1944 as an open and avowed effort to regulate State employment compensation laws, were such a clear invasion of States rights that they were promptly repudiated.

I recall most distinctly the impressive showing made before the Ways and Means Committee in February of 1942 by a group of seven outstanding governors headed by Governor Stassen of Minnesota, who was then chairman of the National Conference of Governors, and, therefore, speaking for the group as well as for himself, on the first bill of this character, namely, H. R. 6559.

Governor Stassen in voicing his personal opposition to the bill said that while each governor was privileged to speak for his own State, "I do appear to present the almost unanimous support of the governors of the respective States in opposition to this measure." With his testimony, Governor Stassen filed many telegrams from governors which will be found commencing on page 351 of the Ways and Means Committee hearings on H. R. 6559.

In opening his splendid statement in opposition to the bill and in behalf of the preservation of States rights, our distinguished colleague, the senior Senator from Massachusetts [Mr. SALTONSTALL], then Governor of his State, said:

I am here as Governor of Massachusetts to oppose this bill, H. R. 6559. This past autumn, the New England Conference of Governors met and unanimously sent a telegram to the President opposing the federalization of unemployment security, and on Friday, after talking with Congressman Treadway, and learning that I might be able to come here and testify I called up each one of our New England governors. I have conferred with several of the New England governors, including Governor Wills, of Vermont; Governor Sewall, of Maine; and Governor Blood, of New Hampshire, who is present here to testify. Governor Hurley, of Connecticut, has sent me a telegram authorizing me to state that he still opposes this bill 100 percent. He is opposed to the federalization of unemployment security, as is Governor McGrath, of Rhode Island. So I might state that the governors of the New England States are opposed to the principles of this bill, H. R. 6559.

I realize, of course, that in 1954 our United States Supreme Court said in effect that no matter what the 14th amendment to the Constitution may have meant to those who framed it and to the court that decided the school segregation case of Plessy against Ferguson, it meant something different in 1954. But, Mr. President, regardless of the views of those who may think that time alone is sufficient to change the meaning of our written Constitution, I have seen no open repudiation of the doctrine announced by the great Court headed by Chief Justice Hughes in 1936, which said:

The general rule with regard to the respective powers of the national and the State Governments under the Constitution, is not in doubt. The States were before the Constitution; and, consequently, their legislative powers antedated the Constitution. Those who framed and those who adopted

that instrument meant to carve from the general mass of legislative powers, then possessed by the States, only such portions as it was thought wise to confer upon the Federal Government; and in order that there should be no uncertainty in respect to what was taken and what was left, the national powers of legislation were not aggregated but enumerated—with the result that what was not embraced by the enumeration remained vested in the States without change or impairment.

And in the same decision, in which all efforts to undermine and construe away the plain meaning of the Constitution were deplored, the Court added this significant statement:

Every journey to a forbidden end begins with the first step; and the danger of such a step by the Federal Government in the direction of taking over the powers of the States is that the end of the journey may find the States so despoiled of their powers or—what may amount to the same thing—so relieved of the responsibilities which possession of the powers necessarily enjoins, as to reduce them to little more than geographical subdivisions of the national domain. It is safe to say that if, when the Constitution was under consideration, it had been thought that any such danger lurked behind its plain words, it would never have been ratified.

The point I wish to emphasize, Mr. President, is just this: If, in February, 1942, practically every governor in the entire United States felt that the proposal to give additional compensation benefits to temporarily displaced workers and especially automobile workers as their plants shifted to wartime projects was an improper and undesirable invasion of States rights, in what way have the intervening 16 years changed the 10th amendment of the Constitution, which clearly says that all rights not delegated to the Federal Government are reserved to the States and the people thereof?

#### PURCHASE OF MILITARY TRUCKS FROM JAPAN

Mr. POTTER. Mr. President, I should like to bring to the attention of the Senate a matter which is most shocking. It has serious consequences for working men and women in my own State of Michigan and throughout the country.

Very recently I learned that the Department of Defense, in connection with the military assistance program, is purchasing military trucks manufactured in Japan. Frankly, at first, I placed little credence in the report. I could not believe that our Department of Defense would take action so adverse to our own automotive industry and to the men and women employed therein. Unfortunately, the facts are as reported. I have verified them.

The truth of the matter is that the Department of Defense has approved for procurement in Japan, in fiscal year 1958, military trucks valued at approximately \$21 million. Moreover, in the fiscal year 1957 the Department initiated a comprehensive 5-year program to rebuild military vehicles and to procure new military vehicles in Japan. So apparently the \$21 million we are paying the Japanese automotive industry for



military trucks in the fiscal year 1958 is not the end of this tragic episode. I say tragic because that is exactly the situation for almost half a million unemployed automotive workers in my Michigan, to say nothing of the unemployed across the Nation in industries which supply the automotive companies.

I am beginning to fear that there is a great deal of truth in a comment which is making the rounds about our Government. People are saying that the Federal Government is becoming more and more like a dinosaur. The body is growing so big, the head is growing so fast, and the tail is becoming so long, that when the dinosaur is kicked in the tail, the head does not know what is happening.

Mr. President, to my mind it is unthinkable and unconscionable that our own people should be bypassed in this fashion, particularly when we remember that their taxes are helping to pay the bill.

As a member of the Senate Appropriations Committee, I shall pursue this subject most vigorously when appropriation of funds for the military assistance program comes before our committee, to see that the best interests of our own workers are protected.

Mr. ELLENDER. Mr. President, will the Senator yield for a question?

Mr. POTTER. I yield.

Mr. ELLENDER. Who purchased the trucks to which the Senator has referred? Has the Senator any facts relating to the purchases?

Mr. POTTER. Yes; I have the information. As is frequently the case, the text is marked "Confidential" and cannot be released. But I can assure the Senator that the facts are as stated. Twenty-one million dollars is being spent to purchase trucks in Japan from Japanese truck manufacturers. The Senator realizes, of course, that after the needs of the military for such trucks are fulfilled, Japanese trucks can be brought into our market in competition with American-made trucks.

Mr. ELLENDER. The Senator knows that that condition is not peculiar to Japan. As I have pointed out many times on the floor of the Senate, funds of the taxpayers have been used in order to reestablish automobile factories in Italy and France. Today the streets of our cities are cluttered with foreign-made cars. Who is responsible for that?

Mr. POTTER. The chickens are coming home to roost.

Mr. ELLENDER. The chickens are coming home to roost. I have been preaching that doctrine for years. I hope that when the foreign aid bill comes before the Senate for consideration this year the Senator from Michigan and other Senators who have been voting for such aid will take note of the situation. For the past 4 or 5 years I have attempted to prevail upon my distinguished colleagues in the Senate to look behind the fancy, generalized words which have been used to describe our foreign-aid program. I have urged them to look further than the glowing economic terms that have been given us as justification for the spending of billions of taxpayers' dollars.

And now the truth is coming home to us. I have urged that the distinguished Members of the Senate look closely and see exactly what our dollars have been doing, rather than to be content with the platitudes mouthed by the administration. But that is in the past.

Let us now, with a recession stalking our own land, look over the foreign-aid program when it comes before this body later in the session, and examine it closely. Let us look and see to what use our dollars are being put.

In the course of my inspections of our foreign-aid operations around the world, I have found waste on a colossal scale. As I have said before, and as I would like to say at this time, I am not opposed to a reasonable and realistic foreign-aid program—but I am opposed to waste. I am also opposed to any type foreign aid which converts American dollars into a direct threat to the economic security of American industry, agriculture or labor.

In our zeal to combat the rising tide of communism, let us not forget that the greatest weapon in the free world's arsenal against communism's attempt at world domination is not the latest offspring from the scientist's Pandora's box of atomic deadliness—it is the economic strength of the United States.

We must keep that thought in mind, as we attempt to get those who have received so much help from us in recent years to aid us in continuing the free world's battle.

Mr. POTTER. The Senator from Louisiana has been most diligent in past years in bringing the situation to the attention of the Senate.

We are now in a period of unemployment. In Michigan alone more than 400,000 automobile workers are unemployed. To use the dollars of the American taxpayers to revitalize an industry in Japan by purchases of trucks which could just as well be made from American industry is indefensible. Eventually such trucks will enter our market in competition with American industry.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. POTTER. I yield.

Mr. JOHNSTON of South Carolina. I should like to say a word with regard to the manufacture of cloth. We have been having a great deal of trouble with the Japanese in that field. Our own Government would not establish any restrictions on the amount coming into the United States. The Japanese said, "We expect to send in only a small amount." The administration said, "That is fine."

We have been unable to persuade the administration to do anything to prevent the flow of Japanese cloth into our market. Japanese cloth is made with cheap labor, which is paid less than one-fourth the wages we pay in the United States.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. POTTER. I yield.

Mr. ELLENDER. Does the Senator intend to take up the subject with the State Department and find out who is responsible for this situation?

Mr. POTTER. I do. I think the Senate Appropriations Committee should take up the subject and find out in what

other areas similar situations exist, and what other industries are affected.

Mr. ELLENDER. We do not need an investigation to find that out. From personal knowledge I can point out many instances in which we are being traded out—not only in the automobile industry, but in other manufacturing industries, as well as in the production of farm commodities.

I have been preaching that doctrine on the floor of the Senate for the past 4 years. I am surprised that so few of my colleagues have taken notice of the situation up to now. It seems that lightning must strike before they see the light.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. KNOWLAND. Mr. President, has morning business been concluded? The PRESIDING OFFICER (Mr. MORRIS in the chair). Is there further morning business? If not, morning business is closed.

The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I should like to submit a unanimous-consent agreement on behalf of myself and the minority leader and ask that it be reported. Then I shall suggest the absence of a quorum, if no other Senator desires to address the Senate.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be read.

The unanimous-consent agreement was read, as follows:

#### UNANIMOUS-CONSENT AGREEMENT

*Ordered*, That during the further consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 30 minutes to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

*Ordered further*, That on the question of the final passage of the said bill debate shall be limited to 30 minutes, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may from the time under their control on the



passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Mr. JOHNSTON of South Carolina. Mr. President, I send an amendment to the desk, which I intend to call up later.

The PRESIDING OFFICER. The amendment will be received and will lie on the table.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask that the unanimous-consent agreement, as modified, be again reported. I am asking that the time be modified, to provide for 1 hour of debate on the bill, instead of 30 minutes, to be equally divided, 30 minutes to each side. I should like to call the modified agreement to the attention of all Senators.

The PRESIDING OFFICER. The proposed unanimous-consent agreement, as modified, will be read.

The unanimous-consent agreement, as modified, was read as follows:

#### UNANIMOUS-CONSENT AGREEMENT

*Ordered*, That during the further consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 30 minutes, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

*Ordered further*, That on the question of the final passage of the said bill debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement submitted by the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the perfecting amendment of the Senator from Minnesota [Mr. HUMPHREY] to strike out section 6, and proposing certain changes in the text of section 5.

Mr. AIKEN. Mr. President, I see no objection to the perfecting amendment offered by the Senator from Minnesota.

It does not remove the major opposition to sections 5 and 6 of the bill. As I understand, the amendment would require the payment of the regular rates of duty on nonstrategic materials obtained under barter deals. Also, it would not require other agencies of the Government to buy nonstrategic materials from the Commodity Credit Corporation; it would leave to the Commodity Credit Corporation to hold such goods as might be obtained.

As I have said, the amendment goes only about 2 percent of the way toward meeting the major objections to sections 5 and 6. But I have no objection to any amendment which goes even that far. Therefore, I have no objection to the amendment of the Senator from Minnesota.

Mr. JOHNSON of Texas. Mr. President, as I understand, the distinguished Senator from Vermont has no objection to the amendment, so the Senate may act upon it by our yielding back the time and agreeing to the amendment. I yield back my time on the condition that the Senator from Vermont will do likewise.

Mr. AIKEN. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. HOLTZELL in the chair.) The question is on agreeing to the amendment offered by the Senator from Minnesota.

The amendment was agreed to.

Mr. AIKEN. Mr. President, as I understand, the pending question now is on the amendment which I offered for the Senator from Iowa and myself to strike out sections 5 and 6, the amendment now being modified to strike out section 5 only, as section 6 is no longer in the bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. KNOWLAND. Mr. President, if it is agreeable to the Senator from Vermont, I yield to the Senator from Kentucky 5 minutes from the time on the bill.

Mr. AIKEN. That is agreeable.

Mr. MORTON. Mr. President, I feel that a certain amount of barter has its place in the Public Law 480 program. I think it is beneficial, and I favor a certain amount of it. But I think there is confusion in the minds of many persons about how the barter program works. People think of barter as a trade. They think we trade wheat for, let us say, platinum.

The way the barter program has worked has been that we sold wheat, for example, through private channels for either dollars or currencies which were convertible, for the most part, into dollars. With those funds we would go to some other country and buy raw materials, largely through private channels.

Much has been said of the May 28 press release of the Department of Agriculture, which had the effect of practically shutting off the so-called barter program. I am not too happy about certain features or paragraphs of that release. Specifically, I am not happy about item 6 in the release, which precludes the processing in this country of any material which is received in barter.

In other words, if an ore which is to come into the United States is in a raw state, in a condition of dust, so that it might blow away and is expendable, it will be processed into another state, so that it will keep indefinitely. This processing has to be done overseas, according to item 6 of the May 28 release, and I am not too happy about that. I know there are certain reasons for it, but I feel that that policy should be reviewed and changed.

There are other features in the release, which is in the nature of regulations issued by the Department of Agriculture, which I think should be liberalized so that the amount of barter could be increased from its present level, which is very low, to an amount which would be more realistic.

I have great fear that the bill before the Senate will overencourage bartering. It is true, as the bill provides, that a ceiling is established at \$500 million a year, and that no floor is established. But it is clear from the report and from the debate so far that the \$500 million is a figure which the proponents of the bill hope will be attained, and they strongly suggest that the Department of Agriculture barter \$500 million worth of products a year.

Why are some persons so much concerned about including in the law a provision to require the exporting of \$500 million of surpluses through barter? If the bartered material is, in the first instance, sold in most cases for dollars, or if not for dollars, for pretty sound currencies, why the barter provision? That is clear, and we find the explanation in the report on the bill. Those who engage in the barter get a price advantage over those who engage in selling United States agricultural surpluses for cash.

On page 4 of the report we read:

Barter arrangements of this type contribute to increased exportation of agricultural commodities in two ways as follows: (1) the barter contractor pays the exporter a commission, or in some similar manner, the exporter is enabled to reduce the export price slightly and thereby sell the commodity.

Somehow, through the use of money, or a profit made on the incoming article in the barter transaction, but in the same manner, a price advantage is given to the exporters who use the barter method over the exporters who sell for cash. Those who used the barter method were stepping pretty high for a time in the free use of money. They took money of which they had the free use, and that was more than the profit they needed. So they cut their price to move the material.

That is fine. I favor aggressive selling. I think it is necessary to be aggressive in getting behind the moving of surpluses. But let us not do so in direct competition, and in a way that is injurious to the hard-working exporters who have been for years and are now engaged in selling American agricultural products abroad for cash.

In my own State we have an example of this. There are many exporting firms which have remained in the same families for generations. They are highly



specialized firms. Their entire effort is directed toward the export of the various types of tobacco grown in Kentucky and elsewhere in the Southeast. Theirs is a highly specialized business. Those firms have been having hard times lately. It is not their fault. The fault is that the price of tobacco on the world market is high, and the volume, therefore, has dropped. But the skills, energies, and talents of the tobacco-exporting firms are being preserved, because of the specialized effort necessary to export tobacco.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. AIKEN. I yield 3 more minutes to the Senator from Kentucky.

Mr. MORTON. We cannot afford to have those people go out of business, we shall need them. They do not know a thing about importing platinum, chrome ore, tung oil, or anything else of that nature. The firms I have mentioned are not able to remain in business when the international traders in New York get the business, and it goes outside normal channels.

There is a long-range aspect of the matter which is for the benefit of the American farmer. We are confronted with an immediate problem. That problem is to dispose of surpluses.

I want to see Public Law 480 continued, and I want to see the barter provision continued. There is not enough bartering at present. But I fear that if the amount is increased to \$500 million a year, we will not know how many years it will continue—we have already had pressure to provide for 2 years—and the pressure will increase to have the amount increased to \$1 billion a year.

If the measure shall be enacted in its present form, I am of the opinion that those who are specialists in the exporting of agricultural products, those who know how to aggressively sell them on the world market, will be forced out of the picture entirely by international traders who are specialists, perhaps, in platinum, diamonds, star sapphires, or something else of that nature.

Certainly our tobacco exporters in Kentucky do not pretend to know anything about practice, and they should not be forced into competition with the big New York, international operators who will pick up the tobacco and, because they know how to buy industrial diamonds and how to make use of their money and how to proceed in the other ways, undersell the American exporter who confines his efforts to the specialized field in which he has always dealt.

For these reasons, Mr. President, I shall support the amendment submitted by the Senator from Vermont.

In conclusion, I wish to say that I favor passage of the bill as a whole, and I am not opposed to barter. I came to this position after listening faithfully, to the debate for 2 days.

I do not believe that the Department of Agriculture, in its argument against the bill, has made a good case. I believe we should review the regulations of May 28.

I do not wish to see this matter opened up in the way in which it might be

opened up by means of this bill. Under the pressures which are to come, the total might far exceed \$1 billion a year.

Mr. HUMPHREY. Mr. President, as I understand, on the pending question 15 minutes is available to each side.

The PRESIDING OFFICER (Mr. HOB-LITZELL in the chair). That is correct.

Mr. HUMPHREY. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 10 minutes.

Mr. HUMPHREY. Mr. President, I appreciate the views which have been expressed by the Senator from Kentucky.

I believe there are some points which it might be helpful to clarify.

There is no argument about the necessity to give reasonable assistance to the farmers, under the terms of the Commodity Credit Corporation Act or under the terms of Public Law 480.

The issue is over language contained in the pending bill, as contrasted to the language of Public Law 480, the existing statute.

The language of the existing statute has been interpreted by the Department of Agriculture in such a way as to limit severely the barter operations. That has been done under the doctrine of what is called the certificate of additionality. That is the source of about the only argument in this case.

However, during the debate, some points which have been raised need to be clarified, in my opinion, for the sake of the integrity of the RECORD.

Mr. President, I have met with those who handle the barter program. They testified before the Senate Committee on Agriculture and Forestry.

A large number of scare arguments have been raised during the debate. But they have no merit in fact, and they have hardly any merit in fiction.

For example, one argument which has been made has been that under the barter program the country would be flooded with materials other than strategic materials. I have been informed by responsible officials of the Government—and, by the way, that information is set forth in the Senate committee hearings—that any barter agreement is undertaken only after a procurement directive has been issued by the Government of the United States, or after a request for particular materials which are not available on the American market has been received from a Government agency.

The Department of Agriculture does not barter willy nilly, under the barter program. The Department barterers on the basis of procurement directives and specific requests from another Government agency.

Furthermore, all these directives and all these procurement requests are arrived at only after all departments of the Government that are concerned have been heard from. For example, the following participate in consultations in an interdepartmental committee: Representatives of the State Department, who endeavor to determine the effect of any proposed barter on our foreign policy;

representatives of the Department of Commerce, who endeavor to determine how such barter would affect our domestic industries; representatives of the Department of the Interior, who endeavor to determine what the proposed barter arrangement might do to our domestic metals or minerals; representatives of the General Services Administration, which is responsible for giving technical advice on bartering to the Department of Agriculture; and representatives of the Office of Defense Mobilization, which is responsible for the overall national policy regarding strategic and critical materials and stockpiling.

I am attempting to state what the record reveals, namely, that no barter arrangements are arrived at simply on the basis that someone wishes to engage in barter. The Department of Agriculture is not required to barter for any particular commodity. It barterers only when it finds that bartering is in the public interest.

Furthermore, there have been some statements to the effect that under a barter arrangement which might be made, tung oil or wool, for example, might come into the United States and be in the possession of the Commodity Credit Corporation. Of course, such statements are based on the theory that the Secretary of Agriculture, who has the responsibility for the barter program, would exercise such poor judgment as to cause the American market to be flooded with agricultural commodities—if the limitation contained in the bill could be said to make possible a flood. Such statements are made on the supposition or presumption that the Secretary of Agriculture is incompetent or is willfully malicious.

Mr. President, I do not make such an assumption, and I do not think there is any evidence that such things have been done under the barter program.

Furthermore, under the barter program the Secretary of Agriculture barterers only for commodities which are required by another Government agency, or approved for stockpile purposes by a procurement directive. For instance, he will barter for commodities which are required by the Department of State, and will do so at its request; or he will barter for commodities which are required by the Department of Defense, and will do so at its request; or he will barter for commodities which are required by the Office of Defense Mobilization, for the national stockpile or the supplemental stockpile, and will do so at its request. That is the way the program operates.

However, we find that there exists a considerable amount of misinformation regarding the economic operations of the barter program.

I have checked to ascertain who favors an expanded barter program. I find that an expanded barter program is favored by, among many others, the National Foreign Trade Council, which is composed of representatives of some of the largest companies in the United States—for instance, General Motors Corp., the Singer Co., the International Business Machines Corp., and the Inter-



national Harvester Co., a number of great exporting companies and great domestic producers. At its conference of last fall, the National Foreign Trade Council went on record in support of an expanded program of barter for strategic and other materials which are in short supply in the United States—in other words, such materials of which the United States does not have a sufficient supply.

So we find that some of the greatest industries of the Nation have been calling upon the Department of Agriculture and, through it, upon the Government, to expand the barter program for strategic and other materials of which a sufficient supply does not exist in the United States. That is exactly what is covered by section 303 of the pending bill.

Mr. President, I have checked further in order to reassure both myself and my colleagues. I have checked with the Department of Agriculture and with the Department of the Interior. I find, for example, that before any metal or mineral is bartered for, the Government of the United States checks with American industry, American labor, and the American market to make sure that whatever may be bartered for will not have an injurious effect upon the American market but, instead, will have a helpful effect.

For example, let me point out that I have been assured that the ferrochrome industry, which has huge processing plants throughout the Nation, was producing at about 45 percent of capacity before the barter program went into effect approximately 2½ years ago. In other words, unemployment existed and the facilities of the industry were not being properly used. However, after the barter program went into effect, and after ferrochrome metals were made available to the processing plants, the results were 95 percent employment and 95 percent production. Today the barter program has been cut off, and today the ferrochrome industry is operating at 40 percent of capacity and unemployment again exists in that industry. The same was true as to lead, and the same was true as to zinc.

The other day I heard reference made to fluor spar. It was stated that under this program it might be possible to bring into the United States fluor spar which would have an injurious effect upon the American fluor spar industry. However, I find that the only material for which our country has bartered is what is called the acid type of fluor spar—a type which the United States does not produce, but which is needed by the United States.

So, Mr. President, I am attempting to say to my colleagues that everything that is done under the barter provision is done upon the advice of the most capable experts in the Government.

Finally, the Government of the United States reports to the Senate that on barter arrangements we have made money. We have bought materials for our stockpile, thereby being able to give stability to the American metal and mineral market. I regret our friends from Western States are not present to hear these statements. We have pur-

chased those materials, in all instances, at competitive prices, where we have been able to get strategic materials for our Government at world market prices at a saving to the taxpayers of the United States.

This is not my word, Mr. President; it is the word of the Department of Agriculture, which is responsible for the barter program. It is the word of the Office of Defense Mobilization and of the General Services Administration. In other words, we have saved money on the barter program, in terms of cost of materials we have acquired. We have saved money on the barter program in terms of storage savings on agricultural commodities that have been sold under barter. We have improved American industry under the barter program. We have given employment under the barter program. We have been able to liquidate some of our agricultural stocks under the barter program, for good and sound reasons.

I checked out every line of the language of this amendment insofar as the words relate to both the critical stockpile and the supplemental stockpile. The language in the bill has the same effect as in the previous law, Public Law 480. What really is required, and it is the difference between what we now have before us and what the law is at present, is the emphasis which the Congress places on the Department of Agriculture to barter when it is in the public interest, to barter where we can make savings, and to barter for supplies that do not deteriorate.

It has been stated that we have too many industrial diamonds. I want to make the record clear that every machine tool industry using high-grade steels requires industrial diamonds. Mining operations require industrial diamonds. While for a period of time, we have had more industrial diamonds than the American market can absorb, industrial diamonds are absolutely necessary to an industrial society.

We produce 5 percent of our platinum needs. The Soviet Union produces 85 percent of the world's platinum. We have to scrounge around the world's market to get our share of the other 10 percent, where, if we have been able to get it, we have either been paying exorbitant prices on the world market or we have been able to barter to fill our platinum stocks.

The PRESIDING OFFICER (Mr. HOBLITZELL in the chair). The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. I yield myself the remainder of the time allotted to me.

I see present the Senator from Montana [Mr. MANSFIELD]. I want him to know I have doublechecked again this morning with those responsible for the barter program, insofar as metals and minerals are concerned. The analysis of the information I have received shows that under the barter program the American minerals and metals market has been strengthened. Under the barter program all of the minerals and metals are sealed off, and it takes a joint resolution of Congress to take anything out of the supplemental stockpile. It

takes an act of war to make it possible for the President to take those materials out of the strategic stockpile or is required that Congress be notified, and nothing can be done for 6 months, during which time Congress can approve or disapprove such action.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. Does that apply to the supplemental stockpile as well?

Mr. HUMPHREY. Yes.

Mr. MANSFIELD. The Senator from Minnesota has stated that our supply of platinum is short; but we are not short in manganese, tungsten, lead, or zinc. What is the status with reference to those metals? Will there be any bartering as to them?

Mr. HUMPHREY. Not if we have what we need. What we do is seek the advice of the industry. We seek the advice of the industrial group, as well as the workers. We seek the advice of those who do the processing. We seek the advice of the General Services Administration and the agency having jurisdiction. Unless the acquisition of the metal is to the advantage of the national security or is to the advantage of our own industry, it is not bartered for. If it is obtained, it is locked up, and thereby bolsters our market.

Mr. MANSFIELD. Am I to understand that if the Senator's proposal is adopted, insofar as the stockpiling of lead, zinc, manganese, and tungsten are concerned there will be no additions, even in the supplemental stockpile?

Mr. HUMPHREY. There may be additions, but only if they are sealed off, only if they in no way depress the American market, and only if they have a tendency to augment or improve the American market. I get that information from the responsible officials of the Department of Agriculture who are responsible for the barter program.

Mr. MANSFIELD. The Senator has also contacted the responsible officials in the Department of the Interior, has he not?

Mr. HUMPHREY. Yes; and they have testified.

Mr. MANSFIELD. Has the Senator contacted any persons in the industry?

Mr. HUMPHREY. I have only telegrams from industry, which I read yesterday. I have not confined my time to members of the industry.

Mr. President, I wish to conclude. Yesterday I heard it said that the barter program might disrupt our foreign policy. I submit that there is no evidence to lead to that conclusion. I checked with the German desk in the State Department with the assistant in charge of German economic affairs. He denies flatly that there has been any request from the German Federal Ministry of Agriculture to the State Department, as was indicated on the floor yesterday. All incoming and outgoing communications between the State Department and the German Ministry would have to go over this State Department desk and be cleared by it. There have been no outgoing communications from the State Department to Germany on this matter, either as of



yesterday or today. The State Department informs he that if any such communications have been exchanged, it has been outside the State Department.

The office of the agricultural attaché at the German Embassy in Washington, Herr Schlange-Schoeningen, informed my office this morning that there have been no inquiries initiated or communicated to or from the Embassy either to the State Department or to the Agriculture Department on this issue. Surprise was expressed that information about yesterday's grain market in Berlin was available for use yesterday in the Senate. Actually, the Berlin grain market is a limited and special situation, anyway, and the Hamburg market is the important one in Germany. If any communications took place between the German Federal Ministry of Agriculture in Bonn and the American Government, the German Embassy here does not yet know about it, and the only remaining possibility would seem to be direct communications between the German Ministry and the United States agriculture attaché in Bonn, and through him to the Agriculture Department. Yet as far as can be determined there is no record of such communication in the files of the Foreign Agriculture Service, to which the attaché reports.

I say this because I do not want to disrupt our foreign policy. I checked the matter this morning with the State Department, the Department of Agriculture, and the German Ambassador. I can say for the Record there is no information of record in the files of our Government that the German market on grains has been in any way upset because of what we are contemplating.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. AIKEN. Mr. President, I yield myself such time as I may need.

I think we had better take last things first. In reference to the State Department getting any communication from Germany respecting the amendment and the possible effect on grains, I have a copy of a communication to the State Department which is listed as unclassified, and which was received by the Department on the 18th of March, reading:

There is a rumor in the German grain trade that if German Government will certify that feed-grain imports are in addition to usual commercial imports there is a program in United States whereby feed grains can be purchased—

A note on this paper says the program referred to is the barter provision of the bill—

whereby feed grains can be purchased, from now through September 30, 1958, at 4 to 10 percent less than normal export price. If above possible, the trade is of opinion some quantities of barley and grain sorghum could be moved under replacement procedure.

Federal Ministry of Agriculture has had several calls and are asking us for confirmation of such a program and also if there is an official form upon which to certify. "In addition to usual commercial imports?"

That is a cablegram from our Embassy in Berlin.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. AIKEN. I do not have too much time, but I yield.

Mr. HUMPHREY. I only wish to say that the cablegram may be from our Embassy, but to whom I do not know.

Mr. AIKEN. That is correct. The cablegram came from the Embassy in Berlin.

Mr. HUMPHREY. Within an hour before I came to the Senate today—or perhaps 2 hours—at slightly after 11 o'clock, I talked with the State Department, and the State Department informed me that the German desk, over which all materials would have to move, denies flatly that there has been any request from the German Federal Ministry of Agriculture to the State Department regarding this matter.

Mr. AIKEN. I think it is very evident that the request was made of our Embassy in Berlin, rather than the German Embassy in Washington.

Mr. President, I should like to reply to one other point which has been made this morning, and that is the point with regard to lead, zinc, and strategic materials which might be bartered for under the proposed change in the law.

The lead and zinc which have been brought in up to this time have been put in either the strategic stockpile or the supplemental stockpile. Lead, zinc, and other minerals brought in if the bill shall be enacted will have to be held by the Commodity Credit Corporation itself, unless those in charge of the stockpiles will accept such minerals, which they probably would not do at the present time. Therefore, the cost and the expense would have to be borne by the Commodity Credit Corporation and be charged up to our farm programs.

Mr. President, although the perfecting amendment of the Senator from Minnesota to section 5, which has been approved this morning, improves the language somewhat, it does not remove the major objection to section 5 of the bill, which the amendment I have offered would strike out.

Section 5 of the bill would, first, direct the Secretary to barter up to \$500 million worth of agricultural commodities a year even if such transactions would not conserve the assets of CCC and the Federal Government, but would dissipate them.

Second, direct the Secretary to barter even though the so-called barter transactions would merely replace cash sales for dollars and would have a tendency to drive down the price which CCC would receive for its remaining sales for cash, and

Third, require the Federal Government to pay storage on unspecified materials to be imported if the imported materials have storage cost and deterioration risks lower than agricultural commodities owned by the CCC even though such materials could not be used in the foreseeable future.

In other words, the Commodity Credit Corporation might trade its assets for materials, strategic and otherwise, which would be imported into this country, but unless there were a ready disposal either

to the stockpile or to others the CCC might have to carry the commodities for an indefinite period of time.

I do not want it to be understood that I am opposing barter, if through barter we can do business which is absolutely in addition to the amount of business we are doing for dollars. However, section 5 of the bill is still entirely too broad. It throws the gates wide open. It would make it possible to undercut our own foreign trade and reduce prices, as I have indicated, and also to disrupt the trade of other countries.

I do not believe Germany would object to the barter provisions. I think Germany might make a dollar through them, by buying for less than the world market price. But I believe that other countries such as Canada, Australia, Argentina, and possibly France would object to this method of price cutting.

The situation got so bad last fall that the Canadian top officials requested a conference with the top officials of the United States, and as a result of the conference the two countries entered into an agreement. We signed an understanding with the Canadian officials to the effect that we would stop cutting the market out from under them, with particular reference to wheat, barley, rye, and such commodities the prices of which they felt were being undercut through barter transactions.

Mention has been made of the possibility of bartering for platinum under the proposal. Certainly we can barter for platinum under the proposal. We can barter for platinum under the law which we now have. I understand that our Government is willing to barter for platinum, but the other folks do not want to trade us platinum that way. Platinum is in such demand throughout the world that it is not necessary for them to barter with us on platinum.

I would not want to depress world market prices or even prices for our own people at home. It seems incredible that the acquisition of large amounts of materials such as we would get in return for bartering on a large scale would not depress our markets here at home.

Section 5 is opposed not only by the Department of Agriculture, but also by the Department of State and by the Department of Commerce.

The present law is adequate to permit bartering for materials which we need, but it does not require bartering for materials which we already have in adequate supply, or which we could have in adequate supply. It certainly is no encouragement to our own mineral producers in the United States when we give authority to an agency of Government to swap surplus farm commodities for surplus minerals and materials from other countries. The effect would be to take surpluses off the hands of other countries, which would encourage greater production, thereby discouraging production of certain materials in the United States.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. AIKEN. I yield.

Mr. PASTORE. Do I correctly understand the Senator to mean that coun-



tries which have strategic materials we need would prefer to sell them to us for hard cash, but the only attraction presented is that those countries will get wheat and other agricultural commodities below the world market price, which is the only inducement to sell to us the strategic materials?

Mr. AIKEN. The effect of section 5, which I am trying to have stricken from the bill, would be to require the Department to barter for those materials whether we needed the materials or not, and stockpile them perhaps for the next 30 or 40 years. The list of materials which will be accepted for the supplemental stockpile and the strategic stockpile has been restricted to a very few at the present time. I think originally there were 58 materials which would be accepted, but most of them have been eliminated.

Mr. PASTORE. Is the attraction essentially one to get rid of surplus agricultural commodities, or is the attraction one to bring to this country materials we need?

Mr. AIKEN. Well, if it were restricted only to materials we needed, that is covered in the present law.

Mr. PASTORE. What is the purpose?

Mr. AIKEN. The proposal would require the Department to barter for things we do not need, provided the Department could make a trade of surplus farm commodities for them.

Mr. LAUSCHE. Mr. President, will the Senator yield so that I may ask a question?

Mr. AIKEN. I yield.

Mr. LAUSCHE. The present law authorizes the Commodity Credit Corporation to barter for strategic materials, does it not?

Mr. AIKEN. The Senator is correct.

Mr. LAUSCHE. By "strategic materials" we mean those which are in scarcity in our country, do we not?

Mr. AIKEN. We mean those materials which can be accepted either in the strategic stockpile or the supplemental stockpile.

Mr. LAUSCHE. The language which the Senator from Vermont seeks to strike is language which would expand the power of the Commodity Credit Corporation and direct it not only to barter for strategic materials, but to barter for other materials which we might need.

Mr. AIKEN. It directs the Secretary to barter whether we need them or not. It directs him to barter for materials of which the United States does not produce enough for its own needs. The criterion to be used would be whether we import such materials in some quantity at the present time. Any materials which are imported at the present time—and I would include lead, zinc, pulpwood, paper, and such things as that—could be bartered for.

Mr. LAUSCHE. Am I correct in understanding that, unless the language which the Senator from Vermont seeks to strike is stricken, the Commodity Credit Corporation will be obliged to barter, not only for strategic materials, but all other materials, provided it finds barter to be practicable?

Mr. AIKEN. It will be directed to barter for such materials if those materials are not produced in sufficient quantity in the United States. There are many commodities with respect to which we would like to encourage domestic production, which materials would come in this category merely because we are not now able to meet foreign competition in cost. This proposal would reduce the possibility of reopening some of our mines or expanding some of our present mining operations.

Mr. LAUSCHE. Is it true that under the present law these objects are achievable at the discretion of the Commodity Credit Corporation, through the advice which it receives from the various departmental heads; but that under the language which the Senator from Minnesota has offered, barter would become practically mandatory?

Mr. AIKEN. The Senator from Ohio has correctly explained the situation.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. MANSFIELD. Following up the question raised by the distinguished Senator from Ohio, am I to understand that at the present time it is possible for the Secretary of Agriculture to barter surplus agricultural products for lead, zinc, manganese, and tungsten?

Mr. AIKEN. I do not think it would be possible unless they were needed for the supplementary or strategic stockpiles. According to my interpretation this proposal would direct the Secretary to barter whether they were needed or not. But if they could not be transferred to the stockpile, or sold to other agencies of the Government, they would have to be held by the Commodity Credit Corporation itself.

Mr. MANSFIELD. But under the proposed system it would be possible for the Secretary, in exchange for surplus agricultural products, to obtain those four minerals on a barter basis.

Mr. AIKEN. Yes.

The PRESIDING OFFICER. The time of the Senator from Vermont has expired.

Mr. AIKEN. I yield myself 2 minutes on the bill.

Mr. SYMINGTON. Mr. President, will the distinguished Senator yield?

Mr. AIKEN. I yield.

Mr. SYMINGTON. Does the Senator say that under this language the Secretary of Agriculture would be forced to sign contracts which he might think were not in the best interests of the economy of the United States? As I understand, he is directed to look at any proposed arrangement, but he is not directed to close a deal.

Mr. AIKEN. The part of the present law which requires conserving the assets of the Commodity Credit Corporation and the Government would be stricken out by section 5, and the Secretary would not be required to conserve the assets of the Commodity Credit Corporation.

Mr. SYMINGTON. Under the amendment of the distinguished Senator from Minnesota, as I understand it, and based

upon the hearings on this amendment, the Secretary would be directed to look at the possibilities of barter, but he would not be directed to make any contracts to barter which he thought were wrong. He would not be forced to enter into an arrangement which would be against the best interests of the United States.

Mr. AIKEN. The Secretary would be directed to barter up to \$500 million worth of agricultural commodities a year, even if such transactions would not conserve the assets of the Commodity Credit Corporation and the Federal Government, but would destroy them. The Secretary would be directed to barter, even though the so-called barter transactions would displace cash sales for dollars, and would have a tendency to drive down the prices which the Commodity Credit Corporation might receive for the remaining materials, in cash. That is the interpretation by the Department of Agriculture, and I think it is correct.

Mr. SYMINGTON. This interpretation by the Department of Agriculture does not surprise me too much, because there has never been any real effort made to enable the Department to execute practically what the Department says it would like to do, namely, find new markets. The language may be a little strong, but, based upon my business experience, in my opinion the Department's interpretation is completely wrong.

Mr. AIKEN. Barter was intended to develop markets in out-of-the-way places in the world, in addition to business which would otherwise be done. The international concerns engaged in bartering have developed business in such out-of-the-way places as London, Berlin, The Hague, Antwerp, and Paris. I presume they were very much surprised to find people living in those out-of-the-way places. [Laughter.]

The PRESIDING OFFICER. The time of the Senator from Vermont has expired.

Mr. AIKEN. I yield myself 2 minutes more.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. SYMINGTON. The platinum market is soft. We have as much platinum as we need in the stockpile, one of the chief reasons being the development of palladium, a comparable element.

It surprises me to learn that people who are not interested in moving the agricultural products of the country, however, would not rather have a bar of platinum which has no storage problem, than a good many tons of some agricultural product.

Mr. AIKEN. I think I would rather use my time to discuss the merits of the amendment, rather than the merits of the officials of the Department of Agriculture.

Mr. ELLENDER. Mr. President, I yield 3 minutes to the Senator from Minnesota [Mr. HUMPHREY].



Mr. HUMPHREY. Mr. President, I asked for 3 minutes merely to set the record straight.

I have consulted with officials of the Department of Agriculture; and it is not true that this proposal is a directive which says, "You must barter, regardless of consequences."

The persons in charge of barter operations in the Department of Agriculture informed the Senate in the hearings that barter arrangements are made only after careful consultation with the Department of State, the Department of Commerce, the Department of the Interior, the General Services Administration, and the Office of Defense Mobilization.

Furthermore, barter arrangements are entered into only when there is a procurement directive, approved by an interagency committee or from a department of Government which requests the Department of Agriculture to barter for a specific purpose.

Let me give an example. During the Korean war we needed wool blankets. They were in short supply in the United States. The ICA, in an emergency request, asked the Department of Agriculture to barter cotton for wool blankets. That is a specific example.

Moreover, any minerals or metals are covered by the supplemental stockpile and by the national stockpile. While the Commodity Credit Corporation, even now, has some metals in its possession, they are in process of being shifted into the stockpile when appropriations are made by the Congress for their absorption.

Those who have had any experience under this program flatly deny what has been said by those opposed to the amendment. This amendment does not demand that the Secretary of Agriculture barter willy-nilly. What it does provide is that, if it is in the national interest—and if we use the same procedures as were used before the barter program was closed, it will be in the national interest—the Secretary should barter.

The amendment merely provides that the Secretary shall take a look at the proposed barter arrangements, and determine whether the arrangement would be to the best interests of our country.

I have heard a great deal about international traders. One of the international traders which officials of the Department of Agriculture list as being a barter contractor, and one to which I point with pride, is Land O'Lakes Co-operative Creamery—a terrible octopus, an international trader.

Here is another one on the list. Mariner & Co., Inc., of Lawrence, Mass. Here is another one. The Kincaid Cotton Co., Gastonia, N. C. The International Minerals & Metal Corp., of New York. The Land O'Lakes Creameries, of Minneapolis, Minn. The Lentex Metal & Chemical Corp., of New York. H. Kempner, of Galveston, Tex. The list shows 125 companies. They are mostly large American corporations, who are in the exporting business. Every witness from this group before the committee testified in behalf of barter. Of course, barter is not the full answer, Mr. Presi-

dent, but it is an additional tool for expanded marketing operations.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SYMINGTON. Soon we will be asked to vote on a \$4 billion foreign aid program. Some of the aid will go to foreign countries in the way of machine tools. These tools may well be used in the manufacture of automobiles, which will be made in the foreign market, and which will then compete against our own automobile production. Our automobile industry will feel that competition. I do not say that is wrong, that we should extend assistance to our friends and allies, in the expressed interest of our own security.

What is wrong, I say, inasmuch as most of these countries need food very badly, is that there seems to be a great desire on the part of this administration to establish policies which give away components of our wealth which produce further wealth; namely, dollars, machine tools, and so forth. At the same time, despite the fact we now have employment shortages, the administration apparently does not want to make any real effort to move to these countries the food that we have in such surplus, and which nearly all these countries need. Is there any logic to such a course?

Mr. HUMPHREY. No. All I can say, and I say it most respectfully, is that this is not an effort to dump, and the fact, as shown by the record, is that sometimes we will get a little better price in that way that we would in the open market.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. I yield 1 more minute to the Senator from Minnesota.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SYMINGTON. It takes 12 to 14 pounds of manganese to make a ton of steel. Does the Senator see any reason why, since we have these agricultural surpluses, that the Secretary of Agriculture should not be told to find out whether he can get rid of some of these surpluses, to help our own economy; by bartering, if he can do so, instead of having either hard line materials given away, or agriculture products given away.

Mr. HUMPHREY. The Senator's point is well taken. Most responsible officials that I have discussed the matter with favor the barter program. For example, it has resulted in a saving of \$103 million in storage cost alone. I call that particularly to the attention of the Senate.

Mr. AIKEN. Mr. President, I yield 30 seconds to the Senator from Utah [Mr. WATKINS].

Mr. WATKINS. Mr. President, I have prepared a statement on the bill which I ask unanimous consent to have printed in the RECORD, together with several related matters.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMENDMENTS ELIMINATING SECTIONS 5 AND 6 OF S. 3420, A BILL TO EXTEND AND AMEND THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The purpose of this amendment is to eliminate sections 5 and 6 of the bill before us. These sections of S. 3420, if enacted into law, would direct the Secretary of Agriculture, among other things, to barter up to \$500 million worth of surplus agricultural commodities per year, for materials of which the United States supposedly does not domestically produce its consumptive needs.

A short historical review of the barter program as conducted under the Agricultural Trade Development and Assistance Act of 1954 is in order at this point. Such a review will make it plain why I oppose amendment of section 303 of that act as provided for by section 5, and why I oppose amendment of section 206 of the Agricultural Act of 1956 as provided for by section 6 of this bill as well.

Section 303 of Public Law 480 authorizes the Commodity Credit Corporation to barter surplus agricultural commodities for "strategic materials entailing less risk of loss through deterioration or substantially less storage charges," among other things, when there is opportunity to protect the funds and assets of the CCC by so doing. As the seventh annual report of the activities of the Joint Committee on Defense Production (January 16, 1958) indicates:

"To date the acquisition of strategic materials through CCC barter agreements has been limited to materials listed within the Office of Defense Mobilization procurement directives for both the strategic and supplemental stockpiles" (p. 59).

At the end of April 1957, the barter program was suspended so as to enable the Department of Agriculture to develop safeguards against the substitution of barter transactions for dollar sales without net gain in total export of agricultural surpluses. Another factor involved was the growing volume of complaints that minerals acquired as a result of the barter program were having an adverse effect upon domestic mining operations, especially lead and zinc.

Toward the end of May 1957, the barter program was resumed under revised policies which insured that a proposed barter transaction will mean a net increase in United States exports in order to insure against simply replacing dollar sales. Thus the remedial program does not provide as ready a market for foreign minerals as had been done in the past.

As we all know, the United States is dependent upon foreign sources for certain strategic materials. However, it is not dependent upon foreign sources for over one-half of all of the kinds of materials contained in the strategic and supplemental stockpiles. Not only that, but also several of the strategic materials for which surplus agricultural commodities have been bartered actually consist of minerals of which we have an abundance right here in the United States.

For example, over one-half of the value of the 24 supplemental stockpile materials delivered from July 1, 1954, through December 31, 1957, consists of fluorspar, lead, and zinc. These are minerals, the domestic prices of which have been depressed by excessive foreign imports, over the past few years. This factor, coupled with the economic recession, has resulted in excessive and prolonged unemployment in these mining industries.

I point these facts out, Mr. President, because in my opinion amendment of section 303 of Public Law 480 could well work to the further detriment of our domestic lead and zinc mining industry, including additional minerals such as copper and coal as well, which along with lead and zinc are depressed industries at the present time.



It is understandable that the Committee on Agriculture and Forestry should try to find and develop means and methods of expanding the demand for agricultural commodities. Especially is this true in light of the news recently released by the Department of Agriculture that exports of farm commodities during the first half of the current fiscal year were down 10 percent from the dollar volume of a year earlier.

But I submit that the Congress should not in its zeal to find additional outlets for agricultural commodities take steps which will transfer that industry's problem of "diverted acres" and resulting oversupply to the domestic mining industry. This I believe could well be the case if sections 5 and 6 are not eliminated from S. 3420.

I say this because section 5 removes the necessity of a finding by the Secretary of Agriculture that by bartering surplus commodities there is an opportunity to protect the funds and assets of the Commodity Credit Corporation. It would require him, in effect, to barter up to \$500 million annually of surpluses for any material—not just strategic materials, which, in his judgment, are not produced domestically in large enough quantities to meet our requirements, whatever that term may mean. Enactment of section 6 of the bill then would permit the duty-free entry of such materials.

No criteria are contained in sections 5 and 6 which the Secretary of Agriculture could use to determine exactly what are the materials of which the United States does not domestically produce its requirements. I suppose since the bulk of United States lead and zinc consumption is coming from foreign imports, it could be said that we do not produce our own requirements. But what a farfetched position that would be to take, since our miners and mines are capable of supplying a major portion of our own lead and zinc requirements, if it were not for the fact that cheap foreign imports have been permitted to flood this country for several years now.

Yet, there would be no reason why the Secretary of Agriculture could not, if sections 5 and 6 are enacted into law, barter surpluses for lead and zinc. In fact, based upon the amount of lead and zinc in the supplemental stockpile, and the depressed world price, I suspect there might well be strong pressure generated to force him to do it. The same could be said for copper, coal, fluorspar, and other minerals as well.

As the Secretary of Agriculture put it so well in his letter of March 11, 1958, to the chairman of the Committee on Agriculture and Forestry in opposing enactment of sections 5 and 6 of this bill:

"There are powerful forces urging opening the throttle on a barter program. An analysis of the reasons therefore is in order.

"This country is in a position to buy for current consumption all the foreign produced materials the economy requires. Legislation exists for the procurement of all the materials deemed prudent to stockpile for future emergency defense needs. The rate and extent of such procurement is limited only by appropriation by the Congress. In spite of the zeal to substitute barter for normal exchange, the United States dollar can still be utilized to better advantage in world markets than our agricultural commodities. Then why do we have such strong pressures for a wide open barter program? The fact is that a surplus situation exists in the world for many materials. The producers of these materials in the foreign countries and importers of these materials into this country want a price support and surplus removal program for these materials. . . .

"There are a few materials such as industrial diamonds of which there is no domestic production. Of the rest, the world production affects domestic producers by their competitive price in the United States market. The removal of and insulation from the

market of those surpluses may provide a temporary price stabilization to domestic producers of such materials. Such was the result of rather extensive barter transactions involving lead and zinc in the past. An artificial outlet at profitable prices can only stimulate foreign production. When the Department of Agriculture realized the folly of serving as a dumping ground for foreign surplus lead and zinc with little resultant gains in the disposal of agricultural commodities we stopped the program for reappraisal. The domestic lead and zinc industry felt the full impact of the price-depressing effect of this stimulated foreign production. Such will be the inevitable result on other domestic producers of barter materials under a barter program which provides an outlet for surplus foreign materials and serves as a stimulant for further expansion of such surplus production."

In this connection, Mr. President, I should like to point out that the Combined Employment and Unemployment Release, February 1958, issued on March 11, 1958, by the Departments of Commerce and Labor indicates that between January and February 1958, the number of men on mining payrolls declined by 14,000. In February 1958, the percentage of the labor force in the mining industry who were unemployed stood at 11.5, an increase of nearly 2 percent over January 1958. In my own State of Utah, there has been a loss of 2,400 mining jobs in the last 6 months. In addition, 1,519 unemployed miners were claiming unemployment insurance during the week ended March 15, 1958. This latter figure compares with 464 during the comparable week in 1957.

I am attaching three short statements of recent date, which depict a desperate plight of the copper, coal, and lead and zinc industries to be printed at this point in my remarks.

I am not opposed to a barter program per se, but I am opposed to an "open the throttle" barter program, as the Secretary of Agriculture termed the kind of program which would be created by enactment of sections 5 and 6 of this bill. American miners and their families, as well as the mine owners of this country, should not be obligated to assume the burden of an unwise price-support program of past years, which has resulted in the production of surpluses greatly in excess of market outlets. Solving the problem of excess agricultural production belongs to agriculture; it is not the responsibility of the American mining industry, which has suffered enough injury through excessive imports permitted by our reciprocal trade agreements policy.

Before voting on this amendment, I think it desirable to enumerate the reasons why sections 5 and 6 should be eliminated from the bill. In his letter to the chairman of the Committee on Agriculture and Forestry, the Secretary of Agriculture summarized them as follows:

1. Sections 5 and 6 would direct the Secretary to barter up to \$500 million worth of agricultural commodities per year even if such transactions would not conserve the assets of the CCC and the Federal Government but would dissipate them.

2. These sections would direct the Secretary to barter even though the so-called barter transactions would merely replace cash sales for dollars, and would force a tendency to drive down the price which the CCC would receive for its remaining sales for cash.

3. They would require the Federal Government to pay storage on unspecified materials to be imported if the imported materials have storage costs and deterioration risks lower than agricultural commodities owned by CCC, even though such materials could not be used in the foreseeable future."

4. They "would increase the interest costs of CCC and the Federal Government,

5. They would provide world price support for materials without permitting domestic mining interests to benefit directly.

6. Enactment of sections 5 and 6 would not to any measureable extent establish new agricultural export outlets or increase existing ones.

For these reasons I urge the adoption of this amendment which the Senator from Vermont [Mr. AIKEN] proposed to S. 3420.

#### EXHIBIT 1

[From Pay Dirt, Phoenix, Ariz., of October 18, 1957]

#### LEAD-ZINC TARIFF PETITION IS FILED—EMERGENCY COMMITTEE SEEKS MAXIMUM PERMISSIBLE DUTY INCREASES

In its formal petition, the Emergency Lead-Zinc Committee stated in part:

"The President of the United States has recognized that a continuously productive lead and zinc mining industry is of fundamental importance to the national security, that the lead and zinc mining industry is in a distressed condition, and it is appropriate in the present circumstances to invoke the relief afforded by the escape clause.

"In May 1954, the Tariff Commission completed its prior investigation of the same subject and recommended the maximum increases permitted by existing law in the import rates on primary lead and zinc. Instead of implementing this recommendation, the President ordered a stockpiling program which has temporarily operated to remove some of the surplus production from the market. Now that the stockpiling program is tapering off, large surpluses of imported lead and zinc overhang the market and market prices have again receded to distress levels.

"Although industrial consumption of both lead and zinc in the United States has continued on a high, and rising, level, our mine production has receded considerably below wartime levels at the same time that imports have continued to increase both actually and relatively.

"In each year since the Commissioner's prior report, imports of both lead and zinc have materially exceeded our own mine production. So far in 1957, imports of lead are at an annual rate of 146 percent of our current mine production and imports of zinc are at a rate of 142 percent of current mine production in our own country.

"While the stockpiling program was in full swing, the returns to our miners were, in general, at viable, although not very profitable, levels. In recent months, prices have receded dangerously, to 14 cents per pound for lead and to 10 cents per pound for zinc. The price of lead is at the same level as existed at the time of the prior report of the Commission and the price of zinc is now lower.

"As imports have continued to flood the country, inventories have increased to burdensome levels.

"Costs of production have continued to increase. Consequently many mines, in all sections of the country, have been caught in the cost-price squeeze, and have been forced to close down, throwing thousands of miners out of work.

"There are at present at least 5,000 less miners producing lead and zinc in the United States than on January 1, 1957. For each miner thrown out of work, at least 1½ persons engaged in milling, smelting, refining, transportation, etc., are also thrown out of work so that the loss of 5,000 miners in employment means a loss of at least 12,500 employees engaged in the handling of primary lead and zinc.

"Imported lead and zinc metal are like and directly competitive with lead and zinc produced from ores mined in the United States, and imported lead and zinc ores are like and directly competitive with lead and zinc ores mined in this country. Likewise, imports of most of the lead and zinc



manufactures are like and directly competitive with lead and zinc products made in the United States.

"The American miners acknowledge that the consumptive demands for lead and zinc in the United States are in excess of domestic production and that a continuation of substantial imports is necessary and desirable.

"They have no wish to penalize American consumers, to deny American industry access to adequate supplies, or to unreasonably raise prices so as to discourage consumption. The Committee will later propose a system of import quotas that will meet the above criteria and at the same time give a moderate degree of protection to our primary producers so as to restore and continue a healthy industry."

#### EXHIBIT 2

[From News Letter of the Mining Association of Montana, Butte, Mont., of February 1958]

#### PROVISIONS — COPPER BILL PURPOSE OF THE BILL

The purpose of the bill is to amend the existing copper import tax legislation so as to enable the copper-mining industry of the United States to survive. This is attempted by changing the present peril point of 24 cents per pound to 30 cents per pound and by imposing a 4-cent-per-pound import tax which shall not be in effect when the domestic market price is 30 cents per pound or more. The bill thus seeks to achieve needed protection for the domestic copper industry and at the same time keep to a minimum any interference with foreign trade. It would leave the domestic market wholly free to all copper producers when the price is above the peril point.

#### BACKGROUND

The Internal Revenue Code has, since 1932, provided for an import tax on articles of imported copper—4 cents per pound on most items. That import tax, however, has been severely cut by Presidential proclamations under foreign trade agreements (GATT specifically); the 4-cent tax was cut to 2 cents in 1949, further cut to 1.8 cents in 1957, and is now scheduled to be cut to 1.7 cents on June 30, 1958. And, since 1951, by act of Congress, the tax has been suspended altogether, with the support of the domestic copper-producing industry. The suspension enactments in 1951, 1953, 1954, and 1955 each contained a proviso to the effect that the suspension would end if the domestic market of copper fell below 24 cents for a calendar month. The 1955 suspension, which is still in effect and contains such proviso, will terminate on June 30, 1958.

Since the 1955 suspension, far-reaching changes have occurred in the copper-producing industry. Substantial increases in foreign production, coupled with constantly increasing wage and other costs in the United States, have rendered precarious the position of the domestic producing industry. The domestic copper price has fallen from a high of 43 cents per pound in 1955 and 46 cents in 1956 to 27 cents per pound, and even lower for custom smelters, at present. The price in Europe has fallen even further, the London Metal Exchange price being now the equivalent of approximately 22 cents. The result has been shutdowns and important curtailments at practically all domestic copper mines, with substantial loss of employment and damage to the communities and States involved.

These changes and their consequences indicate the necessity both for a reestablishment of the import tax on copper at 4 cents per pound, and for a revision of the so-called peril point, i. e., the price below which the import tax becomes effective. This peril point should be set a level which will encourage and maintain an active, healthy domestic copper-mining industry. Reestablishment of the import tax at 4 cents per pound

will afford some real measure of protection when the price falls below that peril point.

#### EXHIBIT 3

#### UNITED MINE WORKERS OF AMERICA, DISTRICT 22, WYOMING-UTAH, Price, Utah, March 3, 1958.

Mr. ARTHUR V. WATKINS,  
Senate Building,  
Washington, D. C.

DEAR SENATOR WATKINS: This is a letter of appreciation by the undersigned in your efforts in behalf of the coal industry in the State of Utah of which I am enclosing the number of men who are at the present time unemployed in the coal industry. Also the statistical data of the number of mines some of which have been closed due to the lack of market.

I certainly feel that this is very detrimental to the economy of the State of Utah and of the Nation as a whole.

This information may be very helpful to your office in behalf of the ailing industry at the present time.

Hoping to hear from you and if any additional information is needed please feel free to contact me.

Again thanking you for your interest and efforts to protect the coal industry in the West, I am,

Sincerely yours,

HARRY MANGUS,  
President.

Mines		Men laid off	Days worked per week <sup>1</sup>
Adams Black Diamond Coal Co.	Mine shut down.	—	—
Alvey Coal Mine	do.	4	—
American Fuel Co.	—	12	—
Carbon Fuel Co.	—	—	1
Chappell Coal Co.	Mine shut down.	9	—
Columbia-Geneva Steel Division:			
Columbia Mine	—	57	3
Geneva Mine	—	—	3
Blue Flame Coal Co.	Mine shut down.	2	—
Book Cliffs Coal Co.	—	—	4
Arthur L. Petty: Browning Mine.	—	—	2
Coop Mining Co.	—	—	4
Day Mutual Coal Co.	Mine shut down.	4	—
Helco Coal Co.	do.	4	—
Independent Coal & Coke Co.:			
Castle Gate Mine	—	60	2 and 3
Clear Creek Mine	—	36	2 and 3
Kenilworth Mine	—	106	2 and 3
Kaiser Steel Corp.: Sunnyside Nos. 1, 2, and 3 Mines.	—	800	—
Knight Ideal Coal Co.:			
Knight No. 1 Mine	—	14	3
Knight No. 2 Mine	Mine shut down.	7	—
Koal Kreek Coal Co.	—	—	2
Larsen & Rigby	Mine shut down.	—	—
Leamaster Coal Co.	—	—	2
Liberty Fuel Co.	—	—	2
Lion Coal Corp.	—	107	2
Premium Coal Co. (Soldier Canyon).	—	3	3
Royal Coal Co.	—	—	2 and 3
Shakespear Bros.	Mine shut down.	2	—
Smirl Alton Coal Mine	do.	4	—
Southern Utah Fuel Co.	—	—	2
Spring Canyon Coal Co.	—	—	2 and 3
Spring Creek Coal Co.	—	—	2
Frank M. Stone	Mine shut down.	—	—
Sun Valley Coal Co.	—	—	2
Trail Mountain Coal Mine No. 1.	Mine shut down.	4	—
Tucker Coal Co.	—	—	2
Utah Fuel Chemical Co.	Mine shut down.	—	—
United States Fuel Co.	—	187	2 and 3
Vulcan Fuel Co.	Mine shut down.	2	—
Wardle Coal Mine	do.	1	—
Webster Coal Mine	do.	6	—
Western Coal Mining Co.	—	—	1
Wilberg Coal Co.	—	—	2

<sup>1</sup> The amount of days working\*per week as up to Mar. 1, 1958.

Mr. AIKEN. I understand the time on the amendment has expired.

Mr. ELLENDER. Mr. President, I yield myself 1 minute.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MANSFIELD. I should like to ask a question of the distinguished chairman of the committee, because I am sorely torn on this question. I represent a State in which we have large wheat surpluses and other agricultural surpluses, where we have mineral surpluses, and where the mining conditions are very bad. As a matter of fact, in the State of Montana, we are in a depression, so far as mining is concerned. I understand, from the explanation that has been given of the bill, that lead, zinc, tungsten, and manganese have been imported under the program, but that, on being imported, they have been placed in what is known as the standby stockpile.

As long as that was happening, the price of these products was fairly strong in this country. However, as soon as bartering in these minerals stopped, then the minerals which used to go into the stockpile came into the open market, and the price was depressed.

As the result, the lead, zinc, and tungsten mines are closed down. They are being flooded, the timbers are caving in, and the breasts are falling. Also, the result has been that a great many people have been put out of work.

What is the situation under the provisions now in the bill insofar as these metals are concerned?

Mr. ELLENDER. Mr. President, the distinguished Senator from Minnesota has stated many times that, although the Secretary of Agriculture is directed to barter, he must still consult—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. I yield myself 1 more minute.

It must be remembered that bartering does not affect domestic production with respect to which "the United States does not domestically produce its requirements and which entail risk of loss through deterioration or substantial storage charges."

Mr. MANSFIELD. Then, as long as a surplus lasts in any 1 of those 4 metals, there can be no barter. Is that correct?

Mr. ELLENDER. That is correct.

Mr. MANSFIELD. There cannot be any bartering?

Mr. ELLENDER. No; that is my understanding.

Mr. AIKEN. Mr. President, I yield myself 2 minutes on the bill, and I should like to have the Senator from Louisiana point out in the bill any provision which prohibits such barter. My interpretation is that that is not only permitted, but directed.

Mr. MANSFIELD. Mr. President—

Mr. AIKEN. I have asked the Senator from Louisiana to point out the part of the bill which prohibits the Secretary of Agriculture bartering for lead, zinc, or any other minerals of which we are now importing substantial quantities.

Mr. ELLENDER. Mr. President, I yield myself 1 minute. This matter has been discussed time and time again,



I certainly hope the Secretary of Agriculture will use good judgment and not stockpile strategic materials that are on hand in abundance.

Mr. AIKEN. They are being imported now.

Mr. ELLENDER. That is true, but even though they are the subject of barter, they cannot be sold to the trade, unless an act of Congress to that effect is passed. All protection necessary is given to the producers of those materials. The reason for the barter provision in the bill is that the Department of Agriculture has absolutely closed out barter.

Mr. HUMPHREY. I believe I can clarify this situation.

Mr. ELLENDER. I yield 1 minute to the Senator from Minnesota.

Mr. HUMPHREY. First of all, all metals and minerals that are bartered have to be put in the stockpile.

Mr. AIKEN. No.

Mr. HUMPHREY. Yes. I will tell the Senator why. It is because we do not barter unless a procurement directive has been issued.

Mr. AIKEN. It can be done under the provisions of the bill.

Mr. HUMPHREY. It cannot be done. I discussed that very point with representatives of the Department of Agriculture familiar with the details of the program.

Mr. AIKEN. That is the purpose of the bill.

Mr. HUMPHREY. No; that is not the purpose of the bill. The purpose is to tell the Secretary that he should barter. He has not bartered at all. He has refused to barter, at the expense of the American taxpayers.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. ELLENDER. I yield 1 more minute.

Mr. HUMPHREY. I think it is only fair that we should completely understand how the Department of Agriculture operates on barter. While the language is more of a directive to the Secretary, it also requires that he follow some procedure. He did in the past, before barter was suspended. The same people would administer this new bill. The only barter that will take place will be on a procurement directive or on a specific request from individual agencies of the Government. The procurement directive is the result of action by the interagency committee of the Department of State, the Department of Agriculture, the Department of Commerce, the General Services Administration, and the Office of Defense Mobilization.

Unless the Office of Defense Mobilization, which is responsible for the policy, and the General Services Administration, which is responsible for the inventory of the national stockpile or the supplemental stockpile, say that the barter is in the national interest, the barter will not take place.

Mr. ANDERSON. What language is this? Where is the language that protects the lead and zinc industry?

Mr. HUMPHREY. It is already in the supplemental stockpile language. It is already in the national stockpile

language. It is already a matter of working regulation in the Department, which has been working with it since the 79th Congress, and, indeed, since the 1956 supplemental stockpile bill. That is not being disturbed at all.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. I yield one more minute.

Mr. MANSFIELD. Mr. President, I should like to have an answer to the same question I directed to the distinguished chairman of the committee. Under the language proposed, is the idea to provide that so long as there is a surplus of lead, zinc, manganese, and tungsten, and a depressed condition in those industries, no barter arrangements will be made?

Mr. HUMPHREY. If the interagency committee, composed of the Departments of State, Interior, Agriculture, and Office of Defense Mobilization feels that no more metals are needed, none will be obtained.

Mr. MANSFIELD. But we have surpluses.

Mr. HUMPHREY. Stockpile surpluses are locked up; they are isolated from the market.

Mr. MANSFIELD. No, no; the surplus is outside the stockpiles.

Mr. HUMPHREY. I am talking about any metals brought into the country under barter, if any are brought in. They will not be put in the American market; they will be put in the stockpile. There will be no metals flooded onto the American market.

I have discussed the matter with the officials, and I assure the Senator from Montana that the same regulations which prevailed previously, concerning the consultation by experts in the GSA and the Department of the Interior, will prevail under this provision.

This provision simply says to Ezra Taft Benson, "Instead of spending \$1 million a day for storage charges on wheat, and instead of permitting that wheat to deteriorate, try to make a barter deal for goods of which we are in short supply, for goods which will not deteriorate, for goods for which there will be no storage charges. If you can make such an arrangement, and if you can find an agency of the Government that says it needs the goods, or if they are needed for the defense program, then will you please go ahead and barter?" That is the intent of the provision.

Mr. MANSFIELD. That is fine; but we are not in short supply of lead, zinc, tungsten, and manganese. The chairman of the committee says they will not be bought. The Senator from Minnesota does not go quite that far, but almost that far.

Mr. HUMPHREY. I do not know whether they will be bartered; I cannot say. That is a matter to be decided by the Office of Defense Mobilization in the interest of protecting the security of the United States.

Mr. MANSFIELD. The Senator from Louisiana says that they will not be bought.

Mr. ELLENDER. Of course they will not be bartered; not under the conditions just stated.

Mr. President, I ask unanimous consent that there be a quorum call, the time for the quorum call to be charged to neither side.

Mr. JOHNSON of Texas. Are we ready to vote?

Mr. ELLENDER. Yes; all the time has been used.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may be a quorum call, and that as soon as a quorum has been obtained, the Senate proceed to vote on the Aiken amendment.

The PRESIDING OFFICER. Is there objection?

Mr. THYE. Mr. President, I ask unanimous consent that I may have a few minutes in which to make a statement connected with the introduction of a bill, before the quorum is called, the time for my statement to be charged to neither side. Is that agreeable?

Mr. JOHNSON of Texas. Yes.

#### SOUTH POLE DOG

Mr. THYE. Mr. President, we all know that laws, rules, and regulations are necessary to the orderly government and functioning of society. This is the very basis for the existence of government, for without it we would have anarchy.

Certain occasions arise, however, when the rigid enforcement of the duly adopted laws of society or government can work an unintended hardship, and in these cases we should act to remove the burden of the general rules. Such an instance has come to my attention, and I feel that it must be brought to the attention of my colleagues for corrective action.

An Associated Press article appeared in the Washington Evening Star last night stating that a lieutenant in the United States Navy who has spent the past several months at the South Pole is about to be mustered out of the Navy. While Lieutenant Tuck was based in the Antarctic, he raised and trained a sled dog which is now said to be Navy property, and must be offered for sale at a public auction next week. Lieutenant Tuck would like to retain possession of his pet, but is prevented from doing so by Navy regulations pertaining to the disposition of surplus property. Furthermore, the lieutenant is prevented by law—and that is the important factor—from submitting his own bid for purchase of the dog, because personnel of the Armed Forces may not bid on surplus defense property.

The Secretary of the Navy has informed me that no exception can be made in this case. It seems more fitting to me that this serviceman should be allowed to keep his pet than that it should be offered for sale to some dog-food manufacturer for advertising purposes. I would like to point out that this dog is the only one to have been born and raised in the Antarctic. The dog was not purchased by the Navy, and the man who raised and trained him should have the right to keep him.

Mr. President, I introduce for appropriate reference a bill which would direct the Secretary of the Navy to trans-



fer all right, title, and interest in this dog to Lieutenant Tuck.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3529) to direct the Secretary of the Navy to transfer certain surplus property to Lt. Jack Tuck, introduced by Mr. THYE, was received, read twice by its title, and referred to the Committee on Armed Services.

Mr. THYE. Mr. President, I ask unanimous consent also that the article entitled "Navy Redtape Ties Up Husky Born at Pole," published in the Washington Evening Star of March 19, 1958, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**NAVY REDTAPE TIES UP HUSKY BORN AT POLE—SALE AS SURPLUS THREATENS TO SEPARATE SLED DOG FROM HIS SERVICE MASTER**

The Navy is taking bids on Bravo the dog, and the bidding could be more spirited than that for a major shipbuilding contract.

Bravo is the sled dog born in the Antarctic and reputedly the only dog ever to winter at the South Pole. Lt. (j. g.) Jack Tuck, one of the 17 Navy men and civilian scientists who lived at the American South Polar base last season, wants to keep his canine friend when Lieutenant Tuck leaves the Navy to go to college.

But the way the situation shaped up today, Lieutenant Tuck and Bravo won't be mustered out together. Bravo, it seems, is Navy property and under the law can't be given away, even though the Navy has declared him to be surplus property.

Bravo and Lieutenant Tuck are now at the United States Naval Construction Battalion Center, Davisville, R. I.

Bids on the sale of Bravo and four other part-wolf huskies used in the Antarctic exploration trips will be received at Davisville next Tuesday. Among those expressing interest is at least one manufacturer of dog food.

The bidding forms place the Government cost for each of the 5 dogs at \$233. All of the dogs except Bravo were purchased from Mrs. Milton Seeley of Wonalancet, N. H.

Bravo really didn't cost the Government anything; he was a by-product of canine social life in the Antarctic. Nevertheless, the specifications include him in the list of \$233 dogs and that is the lowest price the Navy wants in the bids.

Bravo—silver gray, alert and bigger than his relatives—has been featured in pictorial reports of the National Geographic magazine on the Antarctic expedition.

The bid specifications of the Navy include this notation on Bravo: "Caution—this dog is highly spirited and must be handled with extreme caution." Bravo's Navy friends say this is slander.

#### MILK PRICES

Mr. THYE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a letter dated March 17, 1958, which I have received from the National Independent Dairies Association.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

#### NATIONAL INDEPENDENT DAIRIES ASSOCIATION,

Washington, D. C., March 17, 1958.

Hon. EDWARD J. THYE,  
United States Senate,  
Washington, D. C.

MY DEAR SENATOR THYE: I first want to thank you for the courteous treatment which we received during our appearance before the subcommittee of the Senate Small Business Committee investigating the food industry on March 3. Your profound interest in the problems of the small-dairy man is deeply appreciated, and it has been a pleasure for me to inform many of your constituents of the interest which you have shown and are showing in their problems.

During my testimony you asked if we had any figures which would show that the large chains could lower their price of milk in one area and raise their price in other areas, thereby showing an overall profit.

As you know, the major dairy chain in the United States is the National Dairy Products Corp., which does business under the name Sealtest. The United States Department of Agriculture fluid milk and cream reports for the months of June, July, August, and September 1957 report that the following markets in which Sealtest central division operates plants had the following changes in prices:

Memphis, Tenn.: Increased quarts 1 cent and half-gallons 2 cents in July 1957, and another 1 cent per quart and 2 cents per half-gallon in August 1957.

St. Louis, Mo.: Increased 1 cent per quart, 2 cents per half gallon in July—another 1 cent per quart and 2 cents per half-gallon in September 1957.

Milwaukee, Wis.: Increased 1 cent per quart and 1 cent per half-gallon in August 1957.

Nashville, Tenn.: Increased 1 cent per quart and 2 cents per half-gallon in August 1957.

Louisville, Ky.: Decreased 2 cents per quart, 4 cents per half-gallon on wholesale, and 1 cent per quart, 2 cents per half-gallon home delivery, on August 19, 1957.

As you can see from these various changes in the central division prices; they are able to lower the price in any given market while more than regaining this loss by raising their price in any or all other cities they serve.

We trust that the above is the information which you were seeking.

With all good wishes, I am,  
Sincerely yours,

D. C. DANIEL.

#### DOMESTIC OIL INDUSTRY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may proceed for 2 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Texas is recognized for 2 minutes.

Mr. JOHNSON of Texas. Mr. President, I have received a letter from the President of the United States which is of deep interest to broad sections of our country.

On March 6 I wrote to the President calling attention to the very serious situation that confronts the domestic oil industry and vital parts of our economy which depend upon it. The industry is staggering under the impact of continued heavy imports of petroleum and petroleum products. In my letter, I suggested that two steps be taken.

First, a mandatory reduction by 20 percent of oil imports under the authority granted to the President by Congress under the Reciprocal Trade Agreements Act.

Second, a system under which imports could be cut back from month to month on a basis comparable to cutbacks in the domestic industry in those States where prorationing is in effect.

The President's reply stated that mandatory controls have been under "serious discussion by the Cabinet committee." The President said that this country "may be compelled to adopt some such solution, although there are some constitutional and legal questions that may prevent."

The President then went on to say:

However, I do deeply believe that universal acceptance and practice by the industry of voluntary quotas, adjusted to the present production situation with such flexibility as to meet future contingencies, would avoid many difficulties and would be the best approach to this vexing problem—for the industry itself, as well as our economy as a whole.

Plans are now being discussed looking toward making these adjustments, and making them fully effective.

Mr. President, I hope the President's prompt response to my letter indicates there will soon be favorable action on this very serious problem. The present trend cannot continue long without a vital domestic industry suffering crippling blows.

I have been in continuous contact with the responsible officials who are handling the oil program. I have been urging that they take steps and take them quickly to bring some relief to the industry.

I have expressed the hope that our agencies in their purchases will recognize the difficulties of the industry.

I have been urging that steps be taken to make the quota system effective.

In Texas alone our producers have had to close down hundreds of oil rigs. The search for new petroleum reserves has slowed down drastically. Many employees of the oil industry have been laid off or are working part time.

I have conferred with leaders of management and labor in the industry. They are agreed that action must be taken quickly before the industry is swamped in a sea of imports.

The impact has been reflected in unemployment figures; a depressed economy in the communities that center around the industry; and in the deteriorating financial position of a number of our States.

The need for action—prompt and effective action—grows more urgent every day. I hope that the President's statement is an indication that such action will not be long delayed.

I ask unanimous consent that there be printed in the RECORD as part of my remarks the text of the letter I have received from President Eisenhower.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:



MARCH 15, 1958.

The Honorable LYNDON B. JOHNSON,  
United States Senate,  
Washington, D. C.

DEAR LYNDON: I have your letter of March 6th calling attention to the situation confronting the domestic petroleum industry.

That excessive imports have a serious effect on national security has been recognized. Steps were taken by me to bring these imports into line on a voluntary basis. With the exception of a few recalcitrants, the established importers who were given quotas have cooperated willingly with the voluntary program. The quotas under the voluntary program were distributed, however, when the domestic demand was considerably higher than it is today.

The invocation of mandatory controls has been under serious discussion by the Cabinet Committee. We may be compelled to adopt some such solution, although there are some constitutional and legal questions that may prevent. However, I do deeply believe that universal acceptance and practice by the industry of voluntary quotas, adjusted to the present production situation with such flexibility as to meet future contingencies, would avoid many difficulties and would be the best approach to this vexing problem for the industry itself, as well as our economy as a whole.

Plans are now being discussed looking toward making these adjustments, and making them fully effective.

I have asked the Secretary of Commerce to advise you on the details of the Cabinet Committee's discussions and to keep you posted on the progress being made.

With warm regard,

Sincerely,

EXTENSION OF AGRICULTURAL  
TRADE DEVELOPMENT AND AS-  
SISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Mr. JOHNSON of Texas. Mr. President, I renew my request that there be a quorum call, the time for the quorum call to be charged to neither side; and that upon the obtaining of a quorum, the Senate proceed to vote.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Goldwater	Mundt
Allott	Gore	Murray
Anderson	Green	Neuberger
Barrett	Hayden	O'Mahoney
Beall	Hickenlooper	Pastore
Bible	Hill	Payne
Bricker	Hoblitzell	Potter
Bridges	Holland	Proxmire
Bush	Hruska	Purtell
Byrd	Humphrey	Revercomb
Capehart	Jenner	Robertson
Carlson	Johnson, Tex.	Russell
Carroll	Johnston, S. C.	Saltonstall
Case, N. J.	Kerr	Schoeppel
Case, S. Dak.	Knowland	Scott
Church	Kuchel	Smathers
Clark	Langer	Smith, Maine
Cooper	Lausche	Smith, N. J.
Cotton	Long	Sparkman
Curtis	Magnuson	Stennis
Dirksen	Malone	Symington
Douglas	Mansfield	Thurmond
Dworshak	Martin, Iowa	Thye
Eastland	Martin, Pa.	Watkins
Ellender	McClellan	Williams
Ervin	McNamara	Yarborough
Frear	Monroney	Young
Fulbright	Morton	

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr.

CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Washington [Mr. JACKSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oregon [Mr. MORSE], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent because of death in his family.

The Senator from Maryland [Mr. BUTLER] and the Senator from Vermont [Mr. FLANDERS] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senators from New York [Mr. IVES and Mr. JAVITS] are detained on official business.

The PRESIDING OFFICER (Mr. MORTON in the chair). A quorum is present.

The question is on agreeing to the amendment of the Senator from Vermont [Mr. AIKEN], to strike out section 5, as amended by the Humphrey amendment.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Washington [Mr. JACKSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oregon [Mr. MORSE], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Washington [Mr. JACKSON], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Georgia [Mr. TALMADGE] would each vote "nay."

On this vote the Senator from Tennessee [Mr. KEFAUVER] has a pair with the Senator from Maryland [Mr. BUTLER]. If present and voting, the Senator from Tennessee [Mr. KEFAUVER] would vote "nay" and the Senator from Maryland [Mr. BUTLER] would vote "yea."

Also, on this vote the Senator from Oregon [Mr. MORSE] has a pair with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Oregon [Mr. MORSE] would vote "nay" and the Senator from Utah [Mr. BENNETT] would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent because of a death in his family.

The Senator from Maryland [Mr. BUTLER] and the Senator from Vermont [Mr. FLANDERS] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senators from New York [Mr. IVES and Mr. JAVITS] are detained on official business.

On this vote the Senator from Utah [Mr. BENNETT] is paired with the Senator from Oregon [Mr. MORSE]. If present and voting, the Senator from Utah would vote "yea" and the Senator from Oregon would vote "nay."

On this vote the Senator from Maryland [Mr. BUTLER] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Maryland would vote "yea" and the Senator from Tennessee would vote "nay."

Also, on this vote the Senator from Vermont [Mr. FLANDERS] is paired with the Senator from New York [Mr. JAVITS]. If present and voting, the Senator from Vermont would vote "yea" and the Senator from New York would vote "nay."

The result was announced—yeas 44, nays 39, as follows:

YEAS—44

Aiken	Cotton	Martin, Pa.
Allott	Curtis	Morton
Anderson	Dirksen	Mundt
Barrett	Dworshak	Payne
Beall	Eastland	Potter
Bible	Goldwater	Purtell
Bricker	Hickenlooper	Revercomb
Bridges	Hoblitzell	Saltonstall
Bush	Hruska	Schoeppel
Capehart	Jenner	Smith, Maine
Carlson	Knowland	Smith, N. J.
Case, N. J.	Kuchel	Thye
Case, S. Dak.	Lausche	Watkins
Church	Malone	Williams
Cooper	Martin, Iowa	

NAYS—39

Byrd	Humphrey	O'Mahoney
Carroll	Johnson, Tex.	Pastore
Clark	Johnston, S. C.	Proxmire
Douglas	Kerr	Robertson
Ellender	Langer	Russell
Ervin	Long	Scott
Frear	Magnuson	Smathers
Fulbright	Mansfield	Sparkman
Gore	McClellan	Stennis
Green	McNamara	Symington
Hayden	Monroney	Thurmond
Hill	Murray	Yarborough
Holland	Neuberger	Young

NOT VOTING—13

Bennett	Ives	Morse
Butler	Jackson	Talmadge
Chavez	Javits	Wiley
Flanders	Kefauver	
Hennings	Kennedy	

So Mr. AIKEN's amendment was agreed to.

Mr. AIKEN. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Vermont.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open for further amendment.

Mr. CASE of South Dakota. Mr. President, I desire to call up my amendment.

Mr. MONRONEY. Mr. President, will the Senator yield so that I may call up a privileged matter?

Mr. CASE of South Dakota. I yield for that purpose.

REINVESTMENT BY AIR CARRIERS  
OF GAINS DERIVED FROM THE  
SALE OR OTHER DISPOSITION OF  
FLIGHT EQUIPMENT—CONFER-  
ENCE REPORT

Mr. MONRONEY. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of



the Senate to the bill (H. R. 5822) to amend section 406 (b) of the Civil Aeronautics Act of 1938 with respect to the reinvestment by air carriers of the proceeds from the sale or other disposition of certain operating property and equipment. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5822) to amend section 406 (b) of the Civil Aeronautics Act of 1938 with respect to the reinvestment by air carriers of the proceeds from the sale or other disposition of certain operating property and equipment, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That section 406 (b) of the Civil Aeronautics Act of 1938, as amended, is hereby amended by adding at the end thereof the following new paragraph:

"In determining the need of an air carrier for compensation for the transportation of mail, and such carrier's 'other revenue' for the purpose of this section, the Board shall not take into account—

"(1) gains derived from the sale or other disposition of flight equipment if (A) the carrier notifies the Board in writing that it has invested or intends to reinvest the gains (less applicable expenses and taxes) derived from such sale or other disposition in flight equipment, and (B) submits evidence in the manner prescribed by the Board that an amount equal to such gains (less applicable expenses and taxes) has been expended for purchase of flight equipment or has been deposited in a special reequipment fund, or

"(2) losses sustained from the sale or other disposition of flight equipment.

Any amounts so deposited in a reequipment fund as above provided shall be used solely for investment in flight equipment either through payments on account of the purchase price or construction of flight equipment or in retirement of debt contracted for the purchase or construction of flight equipment, and unless so reinvested within such reasonable time as the Board may prescribe, the carrier shall not have the benefit of this paragraph. Amounts so deposited in the reequipment fund shall not be included as part of the carrier's used and useful investment for purposes of section 406 until expended as provided above: *Provided*, That the flight equipment in which said gains may be invested shall not include equipment delivered to the carrier prior to April 6, 1956.

"Sec. 2. The amendment made by this Act to such section 406 (b) shall be effective as to all capital gains or losses realized on and after April 6, 1956, with respect to the sale or other disposition of flight equipment whether or not the Board shall have entered a final order taking account thereof in de-

termining all other revenue of the air carrier."

And the Senate agree to the same.

MIKE MONRONEY,  
G. A. SMATHERS,  
ALAN BIBLE,  
ANDREW F. SCHOEPPPEL,  
FREDERICK PAYNE,

*Managers on the Part of the Senate.*

OREN HARRIS,  
KENNETH A. ROBERTS,  
WALTER ROGERS,  
SAMUEL N. FRIEDEL,  
CHAS. A. WOLVERTON,  
JOS. P. O'HARA,  
ROBERT HALE,

*Managers on the Part of the House.*

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MONRONEY. Mr. President, this represents a unanimous agreement of the conferees of the Senate and of the House on the capital gains waiver for feeder airlines and other airlines on subsidy. The bill is identical with the bill passed by the Senate except with a rearrangement to make more definitely certain that the WILLIAMS amendment is expressed in clear and certain terms.

There is no objection from either the minority or majority side.

Mr. President, I move that the conference report be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

#### APPOINTMENT TO JOINT ECONOMIC COMMITTEE

The PRESIDING OFFICER (Mr. MORTON in the chair). The Chair has been requested to announce the appointment by the Vice President of the Senator from West Virginia [Mr. HOBLITZELL] as a member of the Joint Economic Committee, vice the Senator from Arizona [Mr. GOLDWATER], resigned.

#### NOTICE OF HEARING ON S. 3502, TO AMEND THE FEDERAL AIRPORT ACT IN ORDER TO EXTEND THE TIME FOR MAKING GRANTS UNDER THE PROVISIONS OF SUCH ACT, AND FOR OTHER PURPOSES—AND ADDITIONAL COSPONSOR

Mr. MONRONEY. Mr. President, I desire to announce at this time that the Subcommittee on Aviation of the Committee on Interstate and Foreign Commerce will begin hearings April 14 on S. 3502, a bill relating to the Federal Airport Act, which will extend the present act 4 additional years. It is necessary to take such action during the present session, so that plans may be made by the local communities to vote the

bonds necessary, to design their airports, and to have their programs ready after 1959.

I should like to say that the bill also carries provision for \$75 million additional funds for matching local funds to speed up construction of airports, to get ready for the jet air age, and also to help relieve the unemployment which exists in so many scattered areas of the country. This will be an effective way to combat the recession.

I invite any Senators who have knowledge of witnesses who would like to be heard to notify the Committee on Interstate and Foreign Commerce, so that such witnesses may testify.

Mr. SMATHERS rose.

Mr. MONRONEY. I yield to my distinguished colleague, the Senator from Florida.

The PRESIDING OFFICER. The Chair wishes to announce that the matter under consideration is not a privileged matter. The time has been allocated under a unanimous-consent agreement.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Oklahoma may be permitted not to exceed 3 minutes, and that the time not be charged to either side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. MONRONEY. I yield to my distinguished colleague, the Senator from Florida [Mr. SMATHERS], one of the original coauthors, along with myself, of the Federal Aid to Airports Act which has so stimulated airport construction, on a 50-50 Federal-State basis.

Mr. SMATHERS. I thank the able Senator from Oklahoma.

Mr. President, I ask unanimous consent that I may join with the able Senator from Oklahoma and the distinguished Senator from Washington [Mr. MAGNUSON] in sponsorship of the new Federal Airport Act, as a cosponsor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida? The Chair hears none, and it is so ordered.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954.

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Mr. CASE of South Dakota. Mr. President, I call up my amendment identified as "3-17-58-C," and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.



The CHIEF CLERK. At the end of the bill it is proposed to add a new section as follows:

SEC. . (a) Notwithstanding any other provision of law, all foreign currencies received in payment for commodities sold under the authority of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be placed in a special fund in the Treasury, which shall be designated as the Foreign Currencies Fund. Upon receipt of any such payment, the dollar equivalent thereof shall be paid by the Treasury to the Commodity Credit Corporation in reimbursement for the agricultural commodities sold under such title. Payment to the Commodity Credit Corporation under this section shall be in lieu of reimbursement by the agencies using foreign currencies as provided in section 106 of such act, and payments required by such section to be made by such agencies to the Commodity Credit Corporation shall be made instead to the Treasury.

(b) All disbursements authorized to be made of foreign currencies received for commodities sold under the provisions of such title shall hereafter be made only in such amounts as may be specified in appropriation acts.

(c) The Secretary of the Treasury shall report to the Congress not later than January 31 of each year all payments to and disbursements from the Foreign Currencies Fund in the 12 months ending December 31 prior thereto.

Mr. ELLENDER. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Under the terms of the unanimous-consent agreement, the Senator from South Dakota will be allotted 15 minutes and the majority leader will be allotted 15 minutes.

How much time does the Senator from South Dakota yield?

Mr. CASE of South Dakota. Mr. President, I yield myself 7 minutes.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 7 minutes.

Mr. CASE of South Dakota. Mr. President, there are two reasons why the amendment should be adopted. The first reason is that Congress should control the spending of money. Last year over a billion dollars was spent by the executive agencies in the form of foreign currencies without review of such appropriations by the Congress.

The second reason for the adoption of the amendment is that the programs for which the money is spent should bear the burden of carrying the appropriations, and the amounts should not be charged as the cost of a farm support program, which is charged to the farmers.

I have in my hand a copy of the President's report to the Congress dated February 4, 1958. On page 8 of that report the President deals with the administration of foreign currencies. Ahead of a table he states:

The responsibility for administering the expenditure of foreign currencies is assigned by Executive Order to various agencies, as follows:

There follows on page 9 a list of the executive agencies to whom authority has been given by an executive order to spend the vast amount of money devel-

oped by the sale of such surplus commodities.

On page 12 of the President's report to the Congress there is a list of the so-called planned uses of foreign currency under agreements signed during the 6 months from July to December 1957. They total over \$205 million. At the conclusion of the President's report, there are some tables which show the planned uses of foreign currencies for the full fiscal year 1957, by countries and by objects. They total \$1,046 million.

It is clear from the tables, Mr. President, that \$1¼ billion is being spent in a period of 18 months by executive agencies of the Government without direct appropriation by the Congress. These amounts are the dollar equivalent values. They are spent by such agencies as the Department of Agriculture, the Office of Defense Mobilization, the ICA, the Export-Import Bank, the Department of State, the United States Information Agency—and, under one category, "any agency" may spend them. That is all done under an Executive order, without any specific review or appropriation by the Congress.

The amendment which I propose provides that foreign currencies received from the sale of agricultural commodities should, first of all, be credited to the advances which have been made by the Commodity Credit Corporation, so that the accounts, so to speak, with respect to the surplus commodities would be discharged. The farmer would no longer be charged with the moneys involved here, after the payment had been received.

The second point is that when the money had been received, and the Commodity Credit Corporation accounts had been squared up, the money would rest in a foreign currency fund within the Treasury, from which it would be disbursed in specified amounts by appropriation bills to be acted upon by the Congress.

The program of selling surplus commodities for foreign currencies is one which I have supported from the beginning. In fact, as I stated yesterday, I suggested the idea of selling surplus commodities for foreign currencies. However, the manner in which the money has been handled has been a matter of "easy come, easy go." The makings of a first-class scandal exists in this method of handling foreign currency.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. LAUSCHE. Referring to page 2 of the amendment, under subparagraph (b), there is this language:

All disbursements authorized to be made of foreign currencies received for commodities sold under the provisions of such title shall hereafter be made only in such amounts as may be specified in appropriation acts.

Does that mean that no expenditures could be made except those which were specified in appropriation acts?

Mr. CASE of South Dakota. I think it does. The Constitution provides that

no money shall be disbursed from the Treasury of the United States except in pursuance of an appropriate act of Congress.

Mr. LAUSCHE. This language, then, would cover all types of expenditures made of foreign currency?

Mr. CASE of South Dakota. It would cover all types of expenditures from the foreign currency fund established by this amendment. Of course, there are some foreign currencies which are received as counterpart funds under the foreign aid program. Personally, I think those funds should also be handled in this way, but I thought, for the purpose of establishing the principle, if we could do it in connection with the foreign currencies received from the sale of surplus commodities, when the Mutual Security Act is considered a similar amendment might be offered at that time to deal with those funds.

Mr. LAUSCHE. Are many of the foreign currencies which we receive under title I used by representatives of the legislative branch in their trips around the world?

Mr. CASE of South Dakota. I presume they might be. I do not know. I do understand that foreign currencies received by the United States have been used by committees and committee members in their trips abroad. I think probably most of such foreign currencies are those which were created by the so-called counterpart payments by nations receiving foreign aid. In any event, I think such funds should receive the same treatment. They should be placed in the Treasury and appropriated in particular amounts for purposes to which Congress gives specific approval.

Mr. LAUSCHE. I am in accord with the statement made by the distinguished Senator. The answer, then, would be that it might be that such currencies are used by members of the legislative branch in their trips.

Mr. CASE of South Dakota. They might or might not be such currencies. I see no reason why such currencies could not be used for committee trips. However, I did not see in any part of the President's report the report of an executive order which assigned any of them to the legislative branch. I refer to the particular currencies which come from the sale of surplus commodities. However, it is true that foreign currencies are used. I believe that those which have been used for committees have been those derived from counterpart funds under the Mutual Security Act.

Mr. LAUSCHE. With respect to the \$1 billion equivalent of foreign currency which has been used, is a part of such funds included in the investments which are being made and financed on a loan basis?

Mr. CASE of South Dakota. Some of them are financed on a loan basis. In fact, I think the largest single item is a loan to Brazil. I am not saying that that is not a good loan; but I believe that funds which the United States acquires, to the extent of more than \$1 billion for the fiscal year ending June



30, 1957, should be the subject of specific authorization and appropriation.

Mr. LAUSCHE. When I interrupted, the Senator was saying something about a scandalous situation.

Mr. CASE of South Dakota. I said that there exist in the method of handling the funds the markings of a scandal. When the whole story is told as to the liberality with which these funds are disbursed, I feel that items will be disclosed of which the Congress and the country will not be proud.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. ELLENDER. Mr. President, I yield myself 5 minutes.

I fear that if the pending amendment is adopted, it will kill the bill. Under the bill which we are now discussing, there would be no change in the method by which these transactions have been handled in the past. That procedure is generally as follows: Agreements are made between us and purchasing countries. It is not a question of selling so many bushels of wheat for so much money. Agreements must be entered into between the United States and the purchasing countries. In such agreements, a determination is made as to how the proceeds derived from the sale of agricultural commodities involved are to be used.

The law provides several ways in which that money can be spent. These are:

First, to help develop new markets for United States agricultural commodities on a mutually beneficial basis.

If an agreement is entered into between the United States and Japan, let us say, our Government and Japan must determine how much of the sale price of the wheat will be used to help develop new markets for the United States.

Second, the moneys may be used to purchase or contract to purchase strategic and critical materials within the applicable terms of the Strategic and Critical Materials Act. That is another way in which the proceeds obtained from the sale of these surplus commodities, may be used.

Third, they may be used to procure military equipment, materials, facilities, and services for the common defense. The purposes for which the proceeds will be used must be determined while the agreement to sell the commodities is being negotiated.

Now, if we provide that the Congress must appropriate funds from the proceeds of any of these sales, another condition is imposed upon the sales agreement. Congress might, or might not, appropriate funds for the agreed purposes of the agreement. I doubt seriously if many countries would contract to purchase surplus commodities under Public Law 480 if they were compelled to subject these agreements to a further review by Congress, of course, it would naturally follow that fewer surplus commodities would be disposed.

As pointed out day before yesterday when the bill was before us, we have programed through February 1, 1958, \$2,531,000,000 worth of commodities under Public Law 480. Of that huge sum, \$43.2

million will be used for agricultural market development.

For the supplemental stockpile, \$2 million has been programed. Common defense, \$290.5 million. Purchase of goods from other countries, \$42.9 million. Grants for economic aid through ICA, \$61.5 million. Loans to private enterprise, which is provided for in the law, \$44.7 million. Payment of United States obligations, \$656.6 million. Loans to foreign governments, \$1,349,000,000.

I wish to point out that many of these sales would not have been made except for the fact that in the agreements we designate the uses of the proceeds of the sales to the countries. Therefore under the amendment proposed by my good friend from South Dakota we could not enter into any of these agreements and comply with them. Not all countries would be willing to purchase the commodities unless they knew in advance where and how the funds would be used and whether they would be used in accord with the agreements and in accord with the provisions of the law to which I have just referred.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. I yield myself 2 more minutes.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CASE of South Dakota. Is the Senator saying that we could not make the sales unless the country gets the assurance in advance that the money will be given back to it, and that an agreement is made to that effect?

Mr. ELLENDER. The Senator is partly correct.

Mr. CASE of South Dakota. Is that the way it works?

Mr. ELLENDER. Generally speaking the Senator is right.

Mr. CASE of South Dakota. That is a pretty weak sale.

Mr. ELLENDER. It may be a pretty weak sale, but that is the way it has been operating; that is the way the program has been administered ever since its inception. I have frequently complained about the proportion of funds loaned back to purchasing countries for economic development, but the Department of Agriculture takes the position that very few sales will be consummated unless the present procedure is followed.

Mr. CASE of South Dakota. It is a poorly disguised giveaway.

Mr. ELLENDER. It is not very well disguised at times, but the Department of Agriculture, believe it or not, has quite a task on its hands to dispose of some of these goods, and the countries that purchase the goods want to know in advance how their currencies will be used. If the matter is tied up as the Senator from South Dakota suggests, and the proceeds of a sale are put into a Treasury common fund, as the Senator wishes to have done, and Congress is directed thereafter to appropriate the money, I am sure that that will run contrary to the agreements that will be made between the purchasers of the surplus commodities and our Government.

Now, I have said many times that the foreign aid planners should not be allowed to "double dip" so to speak; I do not think they should have carte blanche under Public Law 480 and the mutual security program too. However, we must dispose of our farm surpluses. Therefore, I have on several occasions sought to reduce the mutual security program to the extent countries allocated foreign aid have received benefits under Public Law 480. I think that approach is reasonable and proper. I do not want to do any thing which will hamper the disposal of surpluses under Public Law 480. That is why I am compelled to oppose the Senator's amendment.

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. CASE of South Dakota. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from South Dakota has 7 minutes remaining.

Mr. CASE of South Dakota. I yield myself 2 minutes. No one has been a more diligent student of the programs under which we spread money around the world than has the distinguished Senator from Louisiana. I regret that he is put in the position of having to defend what is done under the law, because no congressional review is provided or afforded as to the expenditure of the foreign currencies under the present law.

The Senator from Louisiana has contended, and I think quite properly, that we ought to very carefully study the expenditure of funds under the foreign aid program. Now he is put in the position, unfortunately—and I am sure it is not of his own choosing—of saying that we cannot sell farm commodities unless we tell the countries involved, and tell them in advance, that we will give the money back to them on their own terms. That is not the way the funds ought to be disbursed. These funds are assets of the United States. Although they are converted into foreign currencies, they are of value, and represent over \$2½ billion, under the figures submitted by the Senator from Louisiana.

My amendment would not kill the program. We could provide a ceiling for all the purposes involved.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CASE of South Dakota. I yield myself 1 additional minute. We could provide a ceiling for each of the categories and say to the Department of Agriculture and to the State Department, "You negotiate within these ceiling limitations, but give Congress the right to review the expenditures of these foreign currencies."

That is the intent and purpose of my amendment.

Mr. President, I ask for the yeas and nays on my amendment.

Mr. JENNER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Time will have to be yielded for the purpose of suggesting the absence of a quorum.



Mr. ELLENDER. First, Mr. President, I yield 3 minutes to the senior Senator from Indiana.

Mr. CAPEHART. Mr. President, I am sure no one wishes to quarrel with the theory being advanced by the Senator from South Dakota. Unfortunately, we must make up our minds whether we are interested in disposing of the surplus food which the Commodity Credit Corporation owns, or whether we wish to have what the Senator advocates. I say that because the countries in which we sell the surplus commodities in exchange for their currencies are not going to make a contract with us unless they know what we will do with their currencies. In fact, they could not do it even if they wanted to. Therefore, if we tie the Department's hands in disposing of the surplus foods, they will not be disposed of.

I should like to do it the way the Senator from South Dakota suggests, but it will not work that way. Therefore, I say Senators must make up their minds whether they wish to get rid of the surplus commodities or wish not to get rid of them. If we tie the hands of the Department of Agriculture's Commodity Credit Corporation in this respect, we will not get rid of them, although it sounds like a reasonable solution. However, we will not get rid of the surplus commodities in that way.

I went into this subject very carefully this morning, at a hearing of the Committee on Banking and Currency, with a witness who had all the figures as to what has happened to the currencies under this program, and we went into the whole program. That is why I am so familiar with the operation of it. Even if a country were in favor of our designating what we would do with its currency, the country's financial situation would be such that it could not make that kind of arrangement, because it would throw that country completely out of financial balance. The countries are forced to do it in the way it has been done.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. Mr. President, I yield 3 minutes to the Senator from Kentucky.

Mr. MORTON. Mr. President, I do not want the impression to be left that there is not a degree of congressional control over the local funds which are generated under the Public Law 480 program. The administration follows a pattern which Congress has written into the law. It requires that certain things be done, within administrative discretion, with these funds. Guidelines are set in the law. They were pointed out by the able chairman of the Committee on Agriculture and Forestry.

I agree thoroughly with what the Senator from South Dakota is trying to do and with what he is trying to accomplish. I agree with the Senator from Ohio that we should have some control over the counterpart funds that are generated and which are used by congressional committees and Members of Congress.

However, Public Law 480 works in this way: Our people go to a foreign gov-

ernment and negotiate for an agreement which will develop something that will not only remove the surplus commodities that we have on hand, but will provide that the funds that are generated through the sale of the commodities will be used to the best interests of both countries, and will serve our national security or the best interests of future agricultural exports, or, as in the pending bill, provide educational exchange benefits, and so forth.

No negotiator can go to a country and negotiate for the sale of agricultural surpluses on the basis of this contingency: "Yes, this is the way we will do it, but I have to go back and get an appropriation bill, which will have to go through the House committee and be passed by the House of Representatives, and then go to the Senate and be referred to a Senate committee, and then go through the Senate, and then into conference; and, subject to what is developed a year hence or 2 years hence in the appropriation procedure which we have under our constitutional system, I will sell you this wheat."

If that were to happen, the weevils would get the wheat. It is impracticable to work out the program in that way. Neither do I wish the impression to be left that the local funds are given to the country which receives the merchandise.

Loans are made. But some of the currencies have great value and a great degree of convertibility. The currency can be used to build airports at our foreign bases.

So far as correcting those two impressions is concerned, I agree with the objectives of the Senator from South Dakota. I think there should be a tightening up of the congressional review of the uses of the funds, but we cannot do it, as the Senator from Louisiana so ably pointed out, through the normal procedures which have been set up in the United States.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that there be a quorum call, the time for the quorum call to be charged to neither side.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE of South Dakota. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. JOHNSON of Texas. Mr. President, may we have the yeas and nays?

The yeas and nays were ordered.

Mr. CASE of South Dakota. Mr. President, I yield myself 2 minutes. I hope all Senators will find time to read the report of the President, so as to help them to get the full import of what the President said:

The responsibility of administering the expenditure of foreign currencies is assigned by executive order to various agencies, as follows.

Mr. President, that responsibility carries with it the spending of \$2.5 billion of foreign currencies, according to the statement of the totals that have been involved and the figures presented by the chairman of the committee.

In no other field of government do we, by executive order, turn over to executive agencies the expenditure of \$2.5 billion and the additional billion or more which will be created by the proposed legislation being considered. That is one reason for adopting the amendment.

The other reason is that when these funds are placed in the Treasury in a special fund to be known as a local currencies fund, the Commodity Credit Corporation then will be paid off, so far as the farmer is concerned; and no longer will the farm program be charged with carrying on a number of loan and expenditure programs which are not really being reviewed in detail by anyone. At least, no one in Congress has been reviewing them in detail.

Those are the reasons why the amendment should be agreed to.

Mr. ELLENDER. Mr. President, as my good friend from South Dakota stated a while ago, in view of my continued opposition to foreign aid it may at first seem peculiar that I should defend a method which Congress itself has established for, in effect, extending a kind of foreign aid. I have explained my reasons for opposing the pending amendment, in this regard. I am certain that the distinguished Senator from South Dakota voted for the Surplus Disposal Act as it now is. He voted for the various provisions which make funds available for education, the common defense, for the payment of the expenses of the State Department, and to build airfields abroad.

I am quite certain that if the sales of the surpluses were not made under the conditions imposed by the act, very few sales would be made.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. Was this amendment considered by the committee?

Mr. ELLENDER. It was considered some time ago, but the committee rejected it.

Mr. FULBRIGHT. The fact is that if it were adopted, it is very unlikely that any deals would be made under it.

Mr. ELLENDER. The Senator is correct.

Mr. FULBRIGHT. The only reason why there is any willingness to make agreements to pay in foreign currency is so that the countries can take possession of the proceeds, in accordance with the agreements which are made.

Mr. ELLENDER. If the funds were required to be appropriated, it is possible that many of the agreements between our country and the other countries to purchase surplus farm commodities would be upset.

Mr. FULBRIGHT. And no further agreement could be made.

Mr. ELLENDER. Exactly.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.



Mr. HOLLAND. Are not the surplus commodities in the hands of the Commodity Credit Corporation assets of the United States?

Mr. ELLENDER. Yes.

Mr. HOLLAND. Is there any more reason for trying to control definitely and by specifics the expenditure of the foreign funds we get in return for them, than there would be for trying to determine in advance how many bushels of wheat or how many bushels of corn or how many bales of cotton or how many units of any other commodity should be used under this program with each of the specific nations with which we deal? Is it not just as necessary to allow discretion in this field as it was to give discretion to the Department of Agriculture to work out mutually acceptable agreements with such friendly nations, in regard to certain volumes of this huge mass of surplus agricultural commodities which are assets of the United States?

Mr. ELLENDER. The Senator from Florida is correct.

Mr. President, as I have just pointed out, and as the distinguished Senator from Arkansas [Mr. FULBRIGHT] has also pointed out, very few sales would be made if the pending amendment were enacted into law, because these countries desire to know in advance how the funds will be used after they get into our possession.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield again to me?

The PRESIDING OFFICER. The time available to the Senator from Louisiana has expired.

Mr. ELLENDER. Mr. President, I yield myself 1 minute on the bill.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 minute on the bill.

Mr. ELLENDER. Mr. President, now I yield again to the Senator from Florida.

Mr. HOLLAND. I thank the Senator from Louisiana.

Then is it not true that the Congress has done in the one case what it did in the other, namely, laid down general guidelines and then authorized the agency to proceed thereunder?

Mr. ELLENDER. That is correct.

Mr. CASE of South Dakota. Mr. President, if there would be no chance to proceed with the program unless the other countries knew in advance on what terms and conditions the money would be used, that would mean that we could proceed only with their permission.

At this time, Mr. President, I yield to the Senator from Indiana [Mr. JENNER] the remainder of the time under my control.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. JENNER. Mr. President, as has just been stated, this arrangement would not be an exchange at all. Instead, the so-called put and take would result in our doing the putting and their doing the taking.

Mr. President, I am a little wearied by all the talk about what the United States has to do for these countries. As a matter of fact, Secretary Benson, himself, has said the law should be extended for only 1 year at a time.

Certainly, American agriculture would not be helped by means of this proposal, if it were put into effect, because every time the surplus is reduced, the parity price is encouraged to rise, and in that way a new surplus is developed.

This program is really destroying the trade of the United States with the countries friendly to it.

As a matter of fact, the talk of "trade follows aid" is silly, for the truth is that foreign aid has not helped American trade anywhere on earth.

United States trade with the rest of the world at large can be divided roughly into four equal areas, in terms of the volume of trade: Canada, Latin America, Western Europe, and the rest of the world.

By this means, we would injure tremendously our friend and good neighbor, Canada. There is no question about that, because wheat is Canada's greatest export.

Do Senators realize that our trade with Canada is worth all the trade we have with 10 Latin American countries? Yet we give no aid to Canada, and we give very little aid to South America.

Similarly, our trade with Canada is worth as much as all the trade we have with 20 of the countries of Western Europe or the entire amount of trade we have with Asia.

Mr. President, legislation of this sort will destroy our natural trading area.

The PRESIDING OFFICER. All time available on the pending amendment has expired.

The question is on agreeing to the amendment of the Senator from South Dakota [Mr. CASE].

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

Mr. JOHNSON of Texas. Mr. President, at this time I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. The pending question is on agreeing to the amendment which has been submitted by the Senator from South Dakota [Mr. CASE], is it not?

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of Texas. And the yeas and nays have been ordered on this question, have they not?

The PRESIDING OFFICER. That is correct.

The question is on agreeing to the amendment which has been submitted by the Senator from South Dakota [Mr. CASE]. All time available on the amendment under the unanimous-consent agreement has expired.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Washington [Mr. JACKSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oregon [Mr. MORSE], the Senator from North Carolina [Mr. SCOTT], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Washington [Mr. JACKSON], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from North Carolina [Mr. SCOTT] would each vote "nay".

On this vote, the Senator from Oregon is paired with the Senator from Georgia [Mr. TALMADGE]. If present and voting, the Senator from Oregon would vote "nay" and the Senator from Georgia would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent because of death in his family.

The Senator from Maryland [Mr. BUTLER] and the Senator from Vermont [Mr. FLANDERS] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senators from New York [Mr. IVES and Mr. JAVITS] are detained on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Maryland [Mr. BUTLER], the Senator from Vermont [Mr. FLANDERS] and the Senator from New York [Mr. JAVITS] would each vote "nay."

The result was announced—yeas 25, nays 58, as follows:

YEAS—25		
Barrett	Goldwater	O'Mahoney
Bible	Hoblitell	Potter
Bridges	Jenner	Revercomb
Carlson	Knowland	Russell
Case, S. Dak.	Langer	Saltonstall
Cotton	Long	Schoeppel
Curtis	Ma'one	Williams
Dworshak	Martin, Pa.	
Frear	Mundt	
NAYS—58		
Aiken	Green	Murray
Allott	Hayden	Neuberger
Anderson	Hickenlooper	Pastore
Beall	Hill	Payne
Bricker	Holland	Proxmire
Bush	Hruska	Purtell
Byrd	Humphrey	Robertson
Capehart	Johnson, Tex.	Smathers
Carroll	Johnston, S. C.	Smith, Maine
Case, N. J.	Kefauver	Smith, N. J.
Church	Kerr	Sparkman
Clark	Kuchel	Stennis
Cooper	Lausche	Symington
Dirksen	Magnuson	Thurmond
Douglas	Mansfield	Thye
Eastland	Martin, Iowa	Watkins
Ellender	McClellan	Warborough
Ervin	McNamara	Young
Fulbright	Monroney	
Gore	Morton	
NOT VOTING—13		
Bennett	Ives	Scott
Butler	Jackson	Talmadge
Chavez	Javits	Wiley
Flanders	Kennedy	
Hennings	Morse	

So the amendment of Mr. CASE of South Dakota was rejected.



The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MARTIN of Iowa. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 3, following line 2, it is proposed to insert a new section as follows:

SECTION 5. Section 206 (a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a semicolon and the following: "but no strategic or critical material shall be acquired by the Commodity Credit Corporation as a result of such barter or exchange except for such national stockpile, for such supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs."

Mr. LANGER. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Iowa is recognized. The Senator has 15 minutes. How much time does the Senator yield himself?

Mr. MARTIN of Iowa. Mr. President I yield myself 5 minutes.

Mr. MANSFIELD. Mr. President, may we have order?

The PRESIDING OFFICER. Let there be order in the Chamber. Senators will take their seats.

The Senator from Iowa is recognized.

Mr. MARTIN of Iowa. Mr. President, the amendment I have offered has for its purpose bringing the Agricultural Act of 1956 into line with the act of 1954 on the matter of the purposes for which strategic and critical materials are acquired. I have taken the provisions out of the act of 1954 and written them into the amendment, to apply them to the act of 1956.

So far as I know, there is no objection from those to whom I have talked.

Mr. ELLENDER. Mr. President, there is no objection to the amendment. It is simply a restatement of the law as passed in 1954.

Mr. MANSFIELD. Mr. President, will the Senator from Iowa yield?

Mr. MARTIN of Iowa. I yield.

Mr. MANSFIELD. I desire to commend the Senator from Iowa, who has a great record in both the House of Representatives and the Senate as the father of the stockpile program in the postwar period.

What the amendment really seeks to do is to nail down what the distinguished chairman of the Committee on Agriculture and Forestry has already told the Senate, and that is to make certain that lead, zinc, manganese, tungsten and other metals brought into the country under this legislation will not come into competition in the open market with minerals which are in surplus at the present time. All the amendment provides is a protection for the minerals which are in surplus and the mines and mills which are located in depressed areas.

Mr. MARTIN of Iowa. The Senator is correct.

Mr. MANSFIELD. I think the Senator is doing a service for the country.

Mr. MARTIN of Iowa. The purpose of the amendment is to enable the mining and agricultural industries to go along hand in hand.

Mr. ELLENDER. Mr. President, I am ready to yield back my time.

The PRESIDING OFFICER. Does the Senator from Iowa yield back his time?

Mr. MARTIN of Iowa. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from Iowa.

The amendment was agreed to.

Mr. JENNER. Mr. President, I call up my amendment 3-19-58-D to S. 3420 and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.

The LEGISLATIVE CLERK. At the end of bill it is proposed to insert the following:

Section 107 of Public Law 480 is hereby amended by adding the following: "or (3) any nation which has indicated directly or indirectly that it will support the Soviet Union, the Communist government in China, or any other Communist government, in event of hostilities between such government and the United States."

The PRESIDING OFFICER. The Senator from Indiana is recognized for 15 minutes. How much time does the Senator yield himself?

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. JENNER. I yield a half minute to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, I have an amendment at the desk. The chairman and the ranking minority member, as well as several other members of the committee, have agreed to the amendment. It is a clarifying amendment. I do not believe there will be any debate on it. I ask that the amendment be stated.

The PRESIDING OFFICER. Does the Senator from South Carolina ask unanimous consent that the amendment be considered prior to the amendment which is the pending question?

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that the amendment I have proposed be considered at this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. May we have a brief statement as to what the amendment clarifies?

Mr. JOHNSTON of South Carolina. Mr. President, I ask that the amendment be stated. I think the amendment speaks for itself.

The PRESIDING OFFICER. Before asking the clerk to state the amendment, the Chair will say the time will not be charged to the time of the Senator from Indiana [Mr. JENNER].

Mr. JENNER. I thank the Chair.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 5, line 3, it is proposed to insert after the comma the words "and products manufactured from upland or long-staple cotton shall be made available for sale pursuant to the provision of title I of the act as long as cotton is in surplus supply."

On page 5, line 5, strike out the word "its" and insert in lieu thereof the word "their."

Mr. JOHNSTON of South Carolina. Senators will note, on page 5, line 3, where the language is proposed to be inserted, that it will do nothing but carry out the present law which is on the statute books. Public Law 480 at the present time reads as follows:

As used in this act, "surplus agricultural commodity" shall mean any agricultural commodity or product thereof class, kind, type, or other specification thereof.

What I am offering is nothing but a clarifying amendment, which permits what we are doing to be clearly seen.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. JOHNSTON].

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from Indiana [Mr. JENNER] is recognized. The Senator from Indiana has 15 minutes. How much time does the Senator yield?

Mr. JENNER. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were ordered.

Mr. JENNER. Mr. President, I regret to have to even suggest an amendment such as this, because when I went to good legal authorities and told them what I had in mind, they said, "You do not mean to tell us, Senator JENNER, that under Public Law 480 your Government is shipping grain and fiber to Communist Poland and Yugoslavia." And I said, "Yes, they are."

In the first 7 months of the fiscal year 1958 one-third of the wheat and flour that was shipped out of this country under Public Law 480 was shipped to Poland and Yugoslavia. In the same period of time, the first 7 months of fiscal year 1958, three-fourths of the cotton shipped under this law was shipped to Poland and Yugoslavia.

We have heard a great deal of talk about recession and depression, and unemployed men. I do not believe the Senate wants to go on record today as dipping down into the pockets of the taxpayers of the country to subsidize this sale—it is called a sale, but it is a gift—to Poland and Yugoslavia, with the result that the housewife in America must pay more for food when her husband is unemployed than the Communists in Poland or Yugoslavia have to pay. I do not believe any sensible group of men would do such a thing.

Why is this amendment necessary? When I mentioned the subject to the great legal authority to whom I have referred, he said, "Have you read section 304 of the present law?" It reads as follows:



The President shall exercise the authority contained herein (1) to assist friendly nations to be independent of trade with the U. S. S. R. or nations dominated or controlled by the U. S. S. R., for food, raw materials and markets, and (2) to assure that agricultural commodities sold or transferred hereunder do not result in increased availability of those, or like commodities, to unfriendly nations.

I ask Senators, as this great legal authority asked me: How in the world can our Government ship to Poland and Yugoslavia under the present law? All my amendment would do would be to try to tighten up the law, so that those in the executive department of the Government would know that the Senate means what it says and says what it means.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. BRIDGES. I compliment the distinguished Senator from Indiana. He is a patriot in every sense of the word, and he knows whereof he speaks.

For the life of me I cannot understand how anyone can interpret the language to which the Senator refers in the manner described. Of course it means what it says. The question is, Why should we be building up Communist governments so that they can further entrench themselves in power and still further oppress the citizens of those countries? The do-gooders and the soft-headed individuals in this country who are promoting that idea will some day have to answer for it, and answer sharply.

Mr. JENNER. The great international thinkers refer to me as an isolationist, as an ignoramus, as narrowminded, and so forth. I do not mind that. But here is a law which our officials will not enforce. Therefore we must tighten the language.

I have read section 304. Listen to section 107, which my amendment would amend:

SEC. 107. As used in this act, "friendly nation" means any country other than (1) the U. S. S. R. or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

Is anyone so naive as to believe that the Communists do not control Poland, if not Yugoslavia?

It is a shame to talk about "friendly nations." We cannot even get a friendly word from those people. Only recently Tito criticized the Government of the United States in connection with the summit proposal, saying that Russia was exactly right, and that the United States Government was doing nothing but shilly-shallying.

What are we trying to do by such legislation as this? We are not helping the American farmer. We are not helping American industry. We are not helping the country. We are wrecking it. I want Senators to act with their eyes wide open.

Senators should know, if they do not, that one-fourth of the export trade of our country goes to one country; namely, Canada. She has only 17 million people. We do not give Canada any deals or aid such as this.

The next great bulk of our trade goes to Latin America and South America. There are only 170 million people there. How much aid and how many gifts have we given to Latin America and South America? Very little.

What we are trying to do is to destroy our natural trade outlets. How do Senators suppose our greatest customer, who takes one-fourth of our exports, is going to live if we take away from her the main crop which sustains her economy by dumping our wheat on the world market and destroying the market for Canadian wheat? Are we going to subsidize Canada after we have destroyed her markets? Are we willing to trade Canada and South America and Latin America for the countries into which we have poured billions of dollars, and the billion and a half people in the rest of the world?

We talk about trade, not aid. This is becoming an international blackmail game. It is called put and take. However, under this silly law we put and the other nations take. Then we have an agreement, as the distinguished Senator from Louisiana explained, whereby they put back their soft currencies, and we get nothing for them.

The Senator from South Dakota [Mr. CASE] offered an amendment to try to limit the program so that it could be reviewed each year. The bill would extend the law for the rest of fiscal year 1958, fiscal year 1959, and fiscal year 1960. There is no one within the sound of my voice who knows what condition this country will be in 2½ fiscal years from now. It may be that we shall have to take the debt ceiling off. Perhaps there will be wild inflation. Perhaps we shall be bankrupt.

Yet, it is said, "If we do not live up to these commitments, other countries will not like it." I do not know how crazy a group of men can become.

All my amendment does is to say to those in charge of the program, "If you are to use the taxpayers' money to destroy natural trade outlets in Canada and South America, if you propose to subsidize Poland and Yugoslavia, so that the housewife in Poland or Yugoslavia can buy food cheaper than can the American housewife, whose husband is unemployed, we propose to prevent it."

We all seem to be concerned about unemployment. I hope this amendment will tighten the law. It should not even be necessary to offer it, because section 304 of the present law should amply explain to the bureaucrats downtown what we want to do. I hope they can read this language and understand it.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. BRIDGES. In applying certain principles or standards we should bear in mind the fact that Poland has voted against United States interests in the United Nations to a greater extent than has Russia. That is a very interesting commentary on whether or not Poland is communistic. It will be very interesting to see how the Congress performs in this connection. I should like to see a record vote.

Mr. JENNER. There will be a record vote.

Mr. BRIDGES. Our action may come back and hit us in the face.

Mr. JENNER. I think our distinguished minority leader [Mr. KNOWLAND] brought out the fact that Poland increased her defense expenditures last year in direct proportion to the money she received from America.

Are we against communism, or are we not? We are willing to spend \$40 billion a year, supposedly to fight communism; and yet by this very law, with the commitment in perpetuity of \$3½ billion, we are aiding, abetting, and fattening communism, so that Poland and Yugoslavia can relieve the drain on their economic system in regard to food and fiber, in order that they may increase their defense expenditures. Do Senators suppose that that is for our benefit?

Mr. President, that is all I have to say. I yield back the remainder of my time.

Mr. ELLENDER. Mr. President, I cannot but express surprise at the attitude taken by some of my good friends across the aisle.

This question was discussed on many occasions in the Senate. In section 107 we defined what "friendly nation" means. It means—

Any country other than (1) the U. S. S. R. or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

I am sure that many Senators will remember that the Secretary of Agriculture proposed that we amend the law so that we could trade some of our agricultural products with countries behind the Iron Curtain. The law, as contained in section 107 of the act, so provided.

Under section 304 it is provided:

The President shall exercise the authority contained herein—

Which I have just read—

(1) to assist friendly nations to be independent of trade with the U. S. S. R. or nations dominated or controlled by the U. S. S. R. for food, raw materials, and markets, and (2) to assure that agricultural commodities sold or transferred hereunder do not result in increased availability or those or like commodities to unfriendly nations.

That language was placed in the act last year in order to give the President of the United States the authority and right to sell products or dispose of products to countries which could, it is believed, be broken out of the Soviet orbit. Why was it done? It was done because information came to us that such countries could be won over.

For example, I have just returned from Poland. I visited the country for over a week. I went all over the country. There is no question but that the Government of Poland is communistic. There is no doubt about it. However, I venture to say that the people there are against communism.

The second provision I have just read was adopted by the Senate and it is now the law. It gives the President the authority to determine the extent to which he can go in the sale of the commodities in the hope of winning over countries



that may be now attached to Russia but which may be won over from Russia.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. AIKEN. Would the Senator from Louisiana interpret the amendment as meaning that if any country now within the Communist orbit should attempt to break away from a Communist group, it could never expect any help from America?

Mr. ELLENDER. That is the way I interpret it.

Mr. AIKEN. Would it not be an iron-clad guaranty to Russian that we would never help any of her satellites achieve freedom?

Mr. ELLENDER. The Senator is correct. I thought the subject matter had been discussed thoroughly on the Senate floor when we adopted the proposal designed to give the President authority, through the Department of Agriculture and Department of State, to attempt, through these transactions, to wean the people of the so-called satellite countries away from the control of the Soviet Union. The amendment we adopted is very plain. It says:

The President shall exercise the authority contained herein (1) to assist friendly nations to be independent of trade with the U. S. S. R.

That is exactly what we are trying to do now. I am of the opinion that the agreement we entered into with Poland will have that effect in the long run. It is true that Poland's government is communistic. There is no doubt about it. However let us not lose sight of the fact that most of the people are overwhelmingly anti-Communist; we must remember that in Poland over 90 percent of the tillable land is still in the hands of individuals.

Mr. AIKEN. Did not the Senator notice that, according to articles in the newspapers the other day, Poland is giving a substantial portion of state-owned land to the people?

Mr. ELLENDER. That is because we are making progress in our effort to wean Poland and other Iron Curtain countries away from Russia.

Mr. AIKEN. That is a direct result of the assistance which the United States gives Poland. Is that not correct?

Mr. ELLENDER. There is no doubt about it.

Mr. AIKEN. Can we afford to serve notice on the people of Poland that we are condemning them forever to remain under Communist domination, and that no matter how much they desire liberty, they cannot expect any help from the United States?

Mr. ELLENDER. I am very much surprised and disappointed in the lack of confidence which some of the Members of the Senate on the other side of the aisle seem to show in the leader of their own party and a State Department whose policymakers are members of the same political party as the Chief Executive.

Mr. JENNER and Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield? If so, to whom does he yield?

Mr. ELLENDER. I yield first to the Senator from Minnesota.

Mr. HUMPHREY. I wish to say it is a pleasure to again be on the same side of an issue with my good friend, the Senator from Vermont. I believe he has put his finger on the question, namely, that by adopting an amendment which is interpreted as this one is, we would be serving notice, first, on the Russians, that they may do just as they want to do and that we will not interfere in the satellite nations; secondly, we would serve notice upon the people in the satellite nations who have had the courage to struggle away from some of the iron grip upon them, that they will get no help from the United States.

In the instance of Poland we should face the fact that this is a calculated risk. If my friends on the other side of the aisle want sure bets, then they are in the wrong party, first of all, and, in the second place, they are on the wrong side of the issue.

However, it seems to me that the cardinal of the Catholic Church in Poland believes that it is fit and proper that the United States make some effort to help the people of Poland throw off from their back the terrible yoke of Communist tyranny.

This involves food for hungry people. This involves food to break up collective farms. This is food to assist Poland to have at least a little living space.

Finally, I conclude by saying that I am getting a little weary, as a member of the Democratic Party, of continuously having to stand here in the Senate and take the heat for defending the administration in some of the more worthy aspects of its foreign policy. I know that the amendment can be interpreted that a vote against it is a vote for communism. Well, in that case, let me say that I am joining the side of the Pope and the cardinal of Poland. If Senators on the other side of the aisle want to stand up to the people of Poland and tell them that they will not give them assistance, let them take it up with the great spiritual leaders who have appealed for this assistance. Let them take it up with the great patriots who are appealing for this assistance. I commend the President and the Secretary of State and the Secretary of Agriculture in this instance.

Mr. BRIDGES. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. BRIDGES. I have watched the distinguished Senator from Minnesota on many occasions. I have just heard him say that he is wearing himself out defending the President.

Mr. HUMPHREY. No; I did not say that.

Mr. BRIDGES. I have never in my experience of listening to the Senator on many occasions heard the Senator strain himself in defending the President or anyone associated with him. I am glad to know that he has done it this time. I merely wish to say that if it were a question of helping the people of Poland I

would be glad to do so. However, I am opposed to helping the Communist Government of Poland entrench itself more and more and grind the people down.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield 1 minute to the Senator from Minnesota.

Mr. HUMPHREY. I wish to say to my good friend from New Hampshire that when the President and his Secretary of State have advanced proposals such as that for the peaceful use of atomic energy, the mutual-security program, and some of the other foreign-aid proposals, I have supported them. I regret that the leadership of the opposition party has not in all instances been able to do so.

I regret that in this instance, when the considered judgment of the statesmen of the free world, not merely those of America, but also of Great Britain, France, Italy, the Netherlands, and Denmark—our NATO Allies—is that the proposal relating to Poland is sound, the distinguished Senator from New Hampshire sets himself up as a specialist of one to say that we will have nothing to do with Poland.

I do not wish to make this a matter of the Senator's personal judgment against mine. I simply say that if the Senator from New Hampshire has a better way to help the people of Poland secure the food which they desperately need, I wish he would suggest it.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield 1 minute to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, this is a serious problem, the one brought up by this amendment. My remarks on it have nothing to do with any partisanship.

When I was on the other side of Government, there was always the problem as to whether or not to give assistance to countries which either were neutral or seemed to lean toward the Kremlin.

I was always honestly worried when such assistance was given, although almost invariably for it. Sometimes it worked out wrong. However, I feel certain that the people who are now operating the Government are honorable, and, in the last analysis, they have the responsibility for making administrative decisions.

I do not see how, if the President of the United States believes sincerely—and I am certain he would not advocate this particular assistance if he did not believe in it sincerely—that I, as a Member of the Senate, could at this time vote against his request to give the aid which he now justifies on the ground it is in the interest of the security of the United States.

Mr. CASE of New Jersey. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield 2 minutes to the Senator from New Jersey.

Mr. CASE of New Jersey. Mr. President, I rise with some diffidence, because I know that many Senators, by reason of their committee work, are far more familiar with this subject than I am.



I certainly do not want to leave the impression that there is any lack of support on this side of the aisle for the program which the President and the Secretary of Agriculture are advocating in this matter. As the Senator from Missouri has said, these are not easy matters to decide.

Mr. JENNER. The Secretary of Agriculture is not supporting the bill for more than 1 year.

Mr. CASE of New Jersey. The Secretary of Agriculture states that the administration supports this measure. I support it, as I am sure the greater majority of Senators on both sides of the aisle do.

This is not an easy question to decide. Every time we aid countries behind the Iron Curtain there is some danger that we may, in a way, be strengthening the hold of the Communists upon those countries. Still, as the Senator from Vermont has, in his very simple but eloquent way pointed out, there is also the necessity of making it possible for those countries and their people to have some hope that eventually they may be able to loosen themselves and come out from under.

I, for one, shall support the proposal to give the President of the United States a chance to use his discretion. Only he can use it, because only he knows the details and the facts in any particular situation to offer this kind of help which, in my judgment, is urgently needed.

Mr. ELLENDER. Mr. President, I have 1 minute left. I yield it to the Senator from Connecticut.

Mr. BUSH. Mr. President, it seems to me that support of the bill and opposition to the amendment are entirely in accord with the principles of the Republican platform as adopted in 1956. I say this specifically in answer to my friend from Minnesota. I believe sincerely that the self-determination of peoples is a cardinal plank in the foreign policy of the United States, and it should remain there. I take it that the administration of this act is in accordance with that policy.

I do not believe, with all respect to the patriotism and good judgment of my friend, the sponsor of the amendment, that the amendment will improve the situation one bit. I think, on the contrary, that the adoption of the amendment at this time might have a very unfortunate effect upon friends and allies in the NATO alliance, and perhaps elsewhere. For that reason, I believe the amendment should be rejected.

Mr. ELLENDER. Mr. President, I yield 1 minute to the able Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I join in what the Senator from Connecticut and other Senators have said. I think it would be a great mistake to attach an amendment of this kind to the bill. This particular policy is certainly a bipartisan, or nonpartisan, policy. The administrations of both parties have felt that measures of this kind were in the interest of the United States. That is, of course, the reason for them. They can be played with, and emotions can be aroused.

It is quite arguable, of course, that this would be a beneficial amendment. But I think, with all deference to the distinguished Senator from Indiana, that it would be very dangerous indeed to attach the amendment to the bill. I hope the Senate will reject it. I know the Senator from Indiana feels very strongly about it.

Mr. JENNER. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Indiana has 5 minutes remaining.

Mr. JENNER. I think the record should be clarified. Secretary Benson is not in favor of the bill. He wanted it limited to 1 year at a time. He so said and testified, and that is in the report. Ask him.

To correct the distinguished Senator From Connecticut [Mr. BUSH], I do not think the Republican Party ever had anything in its platform which stated that it would be willing to use the taxpayers' money to aid, abet, support, and feed Communists.

Let us not be naive about Tito. Tito has already publicly announced that in case of war he would march at the side of the Russians.

I should not like to have the Senate reject an amendment of this kind, because I doubt that most Senators have read it. I shall read it again:

Section 107 of Public Law 480 is hereby amended by adding the following: "or (3) any nation which has indicated directly or indirectly that it will support the Soviet Union, the Communist government of China, or any other Communist government, in event of hostilities between such government and the United States."

In my opinion that is clear; it is plain. That is what we are trying to do.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "'Trade Follows Aid' Sadly Untrue Slogan," written by Michael Padev, and published in the Indianapolis Star of March 19, 1958.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

"TRADE FOLLOWS AID" SADLY UNTRUE SLOGAN  
(By Michael Padev)

Foreign aid supporters often argue that overseas grants by the United States Government help American trade with foreign countries. "Trade follows aid" now has become a familiar and even a popular slogan. Yet, as with so many other things concerning our foreign-aid program, this slogan is based on a myth. The truth is that foreign aid has not helped American trade anywhere on earth. United States trade with the world at large can be divided, roughly, into four equal areas in terms of volume of trade: Canada, Latin America, Western Europe, and the rest of the world. In other words 17 million Canadians buy as many United States goods as 170 million Latin Americans or 330 million western Europeans or 1,500,000,000 people in the rest of the world. The United States has given no aid to Canada whatever, comparatively little aid to Latin America but very generous aid to both Western Europe and the rest of the world. In terms of American foreign trade every Canadian (no aid) is worth 10 Latin Americans (little aid), or 20 western Europeans (very generous aid), or 100 inhabitants of the rest of the world (most gen-

erous aid). Clearly trade does not follow aid. The two things are completely unrelated to each other.

Far from helping our overseas trade United States foreign-aid spending often has damaged it. It has also considerably harmed America's economic and political interests. A good example of the latter is provided by Canada, our best and most dependable customer as well as our most important ally. The Canadian Government has protested several times to Washington against the disposal of United States wheat surpluses abroad. The Canadians are too polite to call this disposal policy by its proper name—it is foreign aid in food supplies.

#### BEEN VERY GENEROUS

Uncle Sam has been very generous in this sort of aid during the last few years. Enormous quantities of food supplies, largely wheat, have been sent as gifts to most Asian countries, including neutral India, as well as to most states in Europe, including Communist Yugoslavia and Poland. But Canada is one of the world's largest producers of wheat. Canada's prosperity depends on her wheat exports and her wheat exports depend on the demand for wheat in overseas markets.

If foreign nations which need wheat could get it free through the United States foreign-aid program they would obviously not think of buying it from Canada or any other wheat-exporting country. Thus American foreign aid in wheat and food supplies has inflicted severe damages to Canada's export trade and to Canada's economy.

But Canada's economy is very closely linked with United States economy. A crisis in Canada would have immediate and serious effects in the United States. Our annual exports to Canada exceed \$3,500,000,000. This represents nearly one-fourth of our total exports—to the whole world. Moreover, the Canadians pay cash for what they buy in the United States, and the Canadian dollar is just as good an international currency as the American dollar. In short, our best interests are at stake in Canada's economic development. Yet, by dumping American foreign-aid food supplies abroad, United States foreign-aid planners do considerable damage to Canada's export trade.

If this foreign-aid food policy continues, our trade with Canada is bound to suffer, too. This, in its turn, will hit—and hit hard—American industry. American agriculture, and American business, all engaged now in the very profitable Canadian export trade. Indiana will suffer particularly badly, as the Midwest States are engaged in Canadian trade more than any other part in the United States or of the world. The Great Lakes area, extending over both United States and Canadian territory, is, in fact, a closely dependent economic unit. By harming United States-Canadian trade and the Canadian economy United States foreign-aid planners harm also Indiana's economy.

How crazy can people in Washington get?

Mr. JENNER. Mr. President, I remind the Senate that yesterday I called attention to the fact that in 7 months of the fiscal year 1958 our Government shipped out \$160 million worth of surplus wheat and flour, and that more than a third of that went to Poland and Yugoslavia.

In the same few months, we gave away, or lent for 30 or 40 years, \$45 million worth of cotton. Three-fourths of that cotton went to Poland and Yugoslavia. Now we say we want to feed hungry people. There is nothing in the amendment about the need to feed hungry people. It is planned that we will spend \$40 billion this year. But when the Communist nations take the food we send them, and then, in direct propor-



tion, increase their defense expenditures while we are bankrupting ourselves almost daily to fight communism, I think it is about time we stopped helping them, directly or indirectly.

Who is to say that the people of Communist Poland and Communist Yugoslavia are getting the benefit of the food and fiber we are shipping to them?

What do we know about it? We use the local currency paid for our products to finance the industries of the country getting our farm products, or we make grants to their schools and colleges. That is provided in the bill.

Or we work out travel arrangements for their farm leaders and labor leaders, while our own people visit the satellites, to be brainwashed by all the well-known social and intellectual lures.

Even while we in the Senate were debating more giveaways to Tito, Poland, India, and the rest, Tito was denouncing the United States in his best vituperative style. Tito said that the Kremlin's proposals about how to conduct a summit meeting are "constructive and acceptable." He said the West was shilly-shallying.

Mr. President, do we want to feed them forever? Under this proposal we would do it for another 2½ years, to the tune of \$3,500,000,000, if the Government of the United States so desired.

The correspondent for the Christian Science Monitor, which hardly is an isolationist publication, stated:

His [Tito's] position today, in fact, is at odds with the West on all its most vital positions.

Mr. President, Tito is cuddling up to Moscow on all issues of foreign policy. That has always been his position, and it will continue to be.

Tito is the foremost catspaw for the Soviet policy of always working through catspaws—doing the utmost damage to the free nations, without spilling one drop of Russian blood.

Mr. President, I wish I could agree with Tito that the Western nations are opposed to a summit conference. We know that a new summit meeting would be nothing but a trap for better Communist propaganda against the free nations. We know that the insistent demands in England, France, and the United States for a summit meeting are only Soviet propaganda, manipulated from Moscow.

Let Senators remember that the United States has already given vast amounts of money to England, France, and the other nations of Europe.

Mr. President, I do not care in the least what Tito thinks about anything. We should deal with the Soviet monkey, which uses the little nations on its borders as catspaws.

But I am concerned that responsible American citizens are so blind, so bewildered, or so venal, that they will pretend that Tito is some new kind of anti-Communist. I am shocked that they will vote to give away the hard-earned products of work on our farms and in our factories, in blind or stupid or venal attempts to win the favor of the little bandit Tito, who obeys, in every move,

the orders of the top Communist gangster, Khrushchev.

The PRESIDING OFFICER. All time available on the amendment of the Senator from Indiana has expired.

The question is on agreeing to the amendment of the Senator from Indiana.

Mr. BRIDGES. Mr. President, to the amendment of the Senator from Indiana, I submit an amendment which I send to the desk and ask to have it stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. In lieu of the Jenner amendment, it is proposed that the following be inserted:

Section 107 of Public Law 480 is hereby amended by adding the following: "or (3) any nation which has not assured the President directly or indirectly it will not support the Soviet Union, the Communist government of China, or any other Communist government, in event of hostilities between such government and the United States."

The PRESIDING OFFICER. Under the order, the Senator from New Hampshire is recognized for 15 minutes.

Mr. BRIDGES. Mr. President, this amendment to the amendment of the Senator from Indiana is in line with a public law passed during the 85th Congress, namely, an act entitled "To Amend Further the Mutual Security Act of 1954"; and it is based on, and is along the same line as the act by which we have given assistance to Yugoslavia. This amendment uses the same language as that used by Congress in that act, which reads in part, as follows:

In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this act.

In other words, my amendment does exactly what the Jenner amendment does, except it approaches the matter in a more positive way.

Mr. O'MAHONEY. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield for a question.

Mr. O'MAHONEY. I should like to ask the Senator from New Hampshire a question: Is the amendment which he has suggested to the Jenner amendment taken from the Mutual Security Act of 1954?

Mr. BRIDGES. What I just read came from the act, as amended; yes.

Mr. O'MAHONEY. Then that is the amendment which I submitted at the time when that measure was under consideration by the Senate. That amendment made it necessary for the President to make a finding that the government of Yugoslavia was not part of the Communist conspiracy to take over the world and to report to that effect to Congress.

Mr. BRIDGES. Yes.

Mr. O'MAHONEY. Am I correct?

Mr. BRIDGES. That is right.

Mr. O'MAHONEY. Is it not a fact that the State Department and the Government of the United States, through the President, last year recommended the modification of that amendment, and no longer that it is as binding as it was?

Mr. BRIDGES. Oh, no; it is still the law.

Mr. O'MAHONEY. Will the Senator from New Hampshire be kind enough to call for a copy of the act as it now stands, in order to see whether I am mistaken in my assumption?

Mr. BRIDGES. I think the Senator from Wyoming is mistaken, and I shall call for a copy of the act.

In the meantime, let me say that I have said, both in this Chamber and around the country, that when Russia brutally gave Hungary her blood bath of suppression, and when tears were shed by people all over our own great Nation, as well as the rest of the world concerning the fate of Hungary and the fate of the Hungarian people, and when tears were shed by Senators about the fate of Hungary and the Hungarian people, we know what the "virtuous" Communist government of Poland did. In the United Nations, it voted against the resolution condemning Russia for its brutal enslavement of the people of Hungary in the same roughshod way the people of Poland had been made prisoner. Under those circumstances, how can we vote to continue a policy alining the United States of America with such a country?

Let us look some more at the dismal record of the Communist-ridden governments of Poland and Yugoslavia, as well for that matter, both are on record as favoring the admission of Communist China to the United Nations and as favoring the recognition of Communist China. Yet Members of this body which voted unanimously against such recognition vote continued aid for Communist governments which did.

Time after time the policy enunciated and the action taken by Poland and Yugoslavia have been contrary to the avowed policy of the Congress of the United States and the spirit of the laws of the United States and the expressed wishes of what I believe to be a majority of the American people.

EUROPEAN NATIONS RECOGNIZED COMMUNIST CHINA AND URGED UNITED NATIONS RECOGNITION

Mr. MALONE. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. MALONE. What European nation first recognized Communist China, and subsequently urged the admission of Communist China to the United Nations? Was it England?

Mr. BRIDGES. That is correct.

Mr. MALONE. Practically all of the nations of Europe have recognized Communist China and the admission of Communist China to the United Nations have they not?



Mr. BRIDGES. Perhaps not all of them, but certainly most of them have.

Mr. MALONE. Yes, of course.

Is it not a fact that throughout the Korean war, anything shipped by the United States to the European nations was soon available to Communist China and then of course to Russia?

Mr. BRIDGES. I have heard that stated, but I do not know that it is a fact.

Mr. MALONE. We have investigated that matter and most of such material was available to the Communist area directly or indirectly.

Under those circumstances, if we ship—as is now intended—goods and funds, including our atomic secrets, to European countries, is it not to be presumed that those secrets will soon be in the hands of Russia and Communist China? If we have any secrets left. If we give our atomic secrets to European nations, how long does the Senator from New Hampshire believe it will be before Russia and Communist China will have possession of those secrets?

Mr. BRIDGES. Let me say that I am quite suspicious that such would be the result.

Mr. MALONE. I believe we are fully justified in being suspicious. When Russia beat us to the punch in sending a satellite around the world, it should not have been so surprising, since Russia then had all of our information plus their own discoveries, did she not?

Mr. BRIDGES. That is correct.

Mr. President, I have always favored the principle of foreign aid, and in the past I have not hesitated to support it. But I have understood that it was mutual aid for the purpose of mutual security, and that mutual security meant helping the nations which were willing to help themselves and which were friendly with the United States and allied with us in the general objectives which we and the rest of the free world have.

How we can reconcile that with giving help to the Communist nations, which have the avowed purpose of opposing everything the free world believes in, I do not know.

If such assistance would help the people in the countries now subjected to Communist oppression to throw off the Communist yoke, that would be different. But such aid will simply reduce their opportunities to throw off the Communist yoke.

The aid now proposed is definitely not the type of foreign aid I have supported in the past, and it is definitely not the type of foreign aid which I intend to support in the future.

Let there be no doubt that the Communist regimes are part of the international Communist conspiracy.

This Communist government of Poland has voted in the United Nations against the admission of South Korea and against the unification of North Korea and South Korea and against the censure of Russia for the ruthless suppression of Hungary, and has urged that Communist China be allowed a seat in the United Nations.

Mr. President, the recent announcement that the United States is making

available \$98 million of foreign aid credits to the Communist Red regime of Polish Premier Gomulka fills me with indignation. This makes a total of \$193 million extended so far in the fiscal year 1958. Not only does it arouse my indignation, but it seriously undermines the faith of the general public in our whole foreign-aid program. This is particularly so when the American taxpayers are being asked to continue to shoulder a crushing tax burden in a year of economic recession.

The record will show that I have supported foreign aid in principle, from its inception with the Marshall plan, down to and through the fiscal year 1958 budget; and I expect to continue my support in principle. That does not mean, however, that I have not, as now, questioned and opposed certain phases of it which seem to me entirely contrary to the declared policy of our foreign-aid program, and which actually seems calculated to produce results in opposition to our objectives.

The general declared policy of our foreign-aid program is to help friendly nations to help themselves. Under that policy, aid is supposed to be requested by the country desiring it, and for purposes of strengthening either its economic condition or its military posture in its effort to become a strong free-world partner.

I am as critical of, and as much opposed to, the extension of foreign aid to the Communist regime in Poland as I am to its being extended to the Communist regime in Yugoslavia. Through the years I have—both in Appropriations Committee and here on the floor of the United States Senate—worked to cut off aid to Communist regimes. Through all those years I have never yet seen any manifest justification for spending American tax dollars in the support of an unfriendly Communist regime. I can see no more justification for supporting Gomulka's Communist Poland than there has been for supporting Tito's Communist Yugoslavia.

It seems to me utterly fallacious to maintain that there are, somehow or other, two types of communism—the bad type represented by the Soviet International Communist conspiracy, and the so-called good type of supposedly independent communism, as exemplified by Tito and Gomulka.

Mr. President, in my opinion, communism is communism, no matter where it is found. No one can persuade me that any Communist regime is not primarily linked with the parent Soviet dictators of international communism.

Tears have been shed around this country and in effect also here today that it would hurt the people of Yugoslavia and Poland if we did not continue this program. If I believed it would really help the people of Poland and Yugoslavia throw off the yoke of communism I would be for it and I would vote for it. I do not believe it would. I think it would strengthen the Communist regimes and the people will have greater difficulty than ever. I respect Senators of this body who have other views, they are entitled to them, but I

do not agree with them. I think their actions will come back to haunt them even though I may hope for their sakes they will not.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield 2 minutes to the Senator from Indiana.

Mr. CAPEHART. This is not an easy matter on which to vote, because there are good points on both sides of the question. I think a year ago I would have voted for the amendment. The question before the Senate is whether we want to see some of the satellite countries break away from Russia. I was in Poland last October. I have to be factual about the matter. I suppose if I wanted to be emotional about it, I would let my emotions run away with me and support the amendment, because I am so opposed to communism, and always have been. But I must be factual, and tell Senators I was in Poland. My best judgment is that the Polish Government is pro-Communist, but the Polish people are not. I found Polish churches open, and more people going to church than ever. I learned that much of the land is in private hands. A calculated risk is involved. My judgment is that, since surplus food is involved, we would be better off if we tried to aid the Polish people, so that they might break away from Russia, if it became possible. It will not be easy.

Mr. BRIDGES. Mr. President, I yield 2 minutes to the Senator from California.

Mr. KUCHEL. Mr. President, the decision in the Senate on either the amendment offered by the Senator from Indiana or the substitute offered by the Senator from New Hampshire is going to be no test of patriotism. There is no question of the patriotism of any United States Senator. The question here is whether the Members of the Senate desire to implement—to make more clear—a policy which the Senate itself, together with the House of Representatives, adopted when Public Law 480 was approved in the 83d Congress.

This has nothing to do with the desire of the Government or the people of the United States to render assistance and to give necessary foodstuffs to any people anywhere around the globe who might be in need of additional food. That desire is expressed in the present statute and in the bill before us, and is opposed by all of us. I take it all of us understand title II of the act entitled "Famine Relief and Other Assistance," in which it is specifically provided that the President of the United States, up to the amount of \$300 million, can make available American foodstuffs to people, whether they live in friendly nations or whether they live in unfriendly nations. That is not an issue here. That is not in dispute in the Senate today.

What is important is whether or not the United States Senate agrees with the policy the Congress set down in the law in 1954. It has been alluded to before. It sets forth what our policies shall be with regard to the expansion of trade with friendly nations. Then it defines



who is friendly and who is not. It excludes trade with the U. S. S. R. under this law, and those countries dominated or controlled by the U. S. S. R. I approve that policy. I do not want this bill to permit activity under it with any Communist-dominated country.

I think the Senator from New Hampshire has done a service, and so has the Senator from Indiana, in giving us an opportunity, in clear-cut fashion, to lay down what the policy shall be.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BRIDGES. Mr. President, I should like to say just a word. The Senator from California has stated that the patriotism of certain Senators has been questioned. That is not true. Neither the Senator from Indiana nor the Senator from New Hampshire did that. We know every United States Senator is a patriot, and we respect all Senators, but we do differ very fundamentally with their judgment. We think many who take the other side of the question are wrong, and that the matter will come back to haunt them. The question is in issue. Time will tell whether we are right or wrong. I am willing to coast along with the time, because I think the Senator from Indiana and the Senator from New Hampshire will be proven correct.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. How much time remains on the amendment?

The PRESIDING OFFICER. All time of the Senator from New Hampshire has expired. The Senator from Louisiana who controls the opposition time, has 15 minutes remaining.

Mr. O'MAHONEY. Will the Senator from Louisiana yield me 2 minutes to express some of my doubts?

Mr. ELLENDER. I yield 2 minutes to the Senator from Wyoming.

Mr. O'MAHONEY. I think a glance at the budget, which is before us, will prove to everybody concerned how vital is this issue which is raised by the bill before the Senate. The Bureau of the Budget has issued a document entitled "The Federal Budget in Brief." On the cover appear the words "From the Executive Office of the President, Bureau of the Budget, Fiscal Year 1959."

On page 14 of the document there is a diagram which shows the estimated expenditures sent to Congress by the President in January for fiscal 1959. The first item is \$45,800,000,000 for major national security. Next, \$7,900,000,000, for interest on the national debt. Next, \$5 billion, for veterans.

If we add those three items, we have a total expenditure of \$58,700,000,000 for past wars, for preparation for future wars, for the rehabilitation of veterans who have suffered in the preceding wars. Fifty-eight billion is fifty thousand million. I emphasize the word "million."

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. O'MAHONEY. I ask for 2 additional minutes.

Mr. ELLENDER. I yield 2 additional minutes to the Senator from Wyoming.

Mr. O'MAHONEY. That is a total of \$58,700,000,000 for purposes of war. There is left only \$15,200,000,000 for all other activities of Government.

Unless we win the fight for freedom here within our own shores, it is difficult, indeed, for me to comprehend how it is possible for us to hope to buy the support of satellite nations; but because the President is submitting this project, I shall, I think, support the bill and vote against the amendment, the President should not be repudiated by the Congress where food for hungry people is involved. I want to call the attention of the Senate to the fact that the Mutual Security Act of 1956 contained the following provision:

SEC. 143. Notwithstanding any other provision of law, no assistance under this title or any other title of this act, or under any provision of law repealed by section 542 (a) of this act, shall be furnished to Yugoslavia after the expiration of 90 days following the date of the enactment of this section, unless the President finds and so reports to the Congress, with his reasons therefor, (1) that there has been no change in the Yugoslavian policies on the basis of which assistance under this act has been furnished to Yugoslavia in the past, and that Yugoslavia is independent of control by the Soviet Union, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that it is in the interest of the national security of the United States to continue the furnishing of assistance to Yugoslavia under this act.

This was the amendment I offered and to which I referred a moment ago in my colloquy with the Senator from New Hampshire.

When the Mutual Security Act came before Congress in 1957 for amendment this section was changed. It was modified. It was tempered. It was ameliorated. It was made softer on Tito and his allegiance to the Communist conspiracy.

Mr. President, in the interest of time I ask unanimous consent that the 1957 modification of the amendment be printed in the RECORD in full, so that all may know what the policy of the State Department is. In spite of this, however, because I want to use our surplus food to feed hungry people I shall vote against the amendment.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

SEC. 143. Assistance to Yugoslavia: In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this act.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. Mr. President, I yield 1 additional minute.

Mr. O'MAHONEY. It is quite clear that the administration has changed its

point of view and that the Congress—particularly the Committee on Agriculture and Forestry—is now offering the bill in the hope that despite the wavering position of the State Department and the President with respect to Yugoslavia we will be able to do this for the purpose of using our surplus foods to feed the hungry people.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Louisiana has consumed 5 minutes of his time.

Mr. ELLENDER. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 minute.

Mr. ELLENDER. If anything, the amendment now under consideration is worse than the amendment offered by the Senator from Indiana [Mr. JENNER]. It would provide that any nation which has not assured the President that directly or indirectly it will not support the Soviet Union or any Communist government cannot get assistance. The amendment under consideration will have the same effect as the amendment of the Senator from Indiana [Mr. JENNER], but it almost requires the establishment of an alliance by a foreign nation with the United States.

I agree with my good friend from Indiana [Mr. CAPEHART]. There is no doubt in my own mind that the Polish people are very friendly to the United States and that such assistance will go far towards making them independent of the Soviet Union. If such can be accomplished, there is every reason for the act to remain unchanged, in this respect.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. Mr. President, I yield myself another minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 minute.

Mr. ELLENDER. That is exactly what the Congress had in mind when it enacted section 304, giving the President authority to assist friendly nations to free themselves from the control of the Soviet Union.

The decision is left up to the President and the Secretary of State. In the case of Poland, it was their decision that by assisting Poland they might cause that country to be weaned away from the Soviet Union. In the long run our Government will benefit from such a procedure.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. Mr. President, I yield 5 minutes to the distinguished Senator from Kentucky [Mr. COOPER].

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 5 minutes.

The Senate will be in order.

Mr. COOPER. Mr. President, I rise to oppose the amendment offered by the junior Senator from Indiana, which is proposed to be amended by the distinguished senior Senator from New Hampshire [Mr. BRIDGES].

All of us are moved by the same feeling of revulsion, against the practices of



communism, which animates the two Senators who have offered these amendments. I must say, nevertheless, that I believe the amendments are not in the best interests of the United States.

All of us know that we and other democratic countries are in a struggle with Soviet Russia, and that it will go on for a long time. It might be resolved but, I hope never, and our country hopes never by war. We hope, it may be resolved in time by just agreements but that does not seem to be possible at this time. In the long run, if a balance of power in the world can be developed, with the influence to convince Soviet Russia that they cannot successfully prosecute a war against the United States or that just settlement must be made for the peace of the world—we may resolve the impasse.

It is upon the last ground that I believe these amendments are a wrong approach to the problem. I shall give my reasons.

First, I speak of our aid to Poland and Yugoslavia. We have undoubtedly helped these peoples for humanitarian reasons. But, I believe, that politically, the Department of State, and the President of the United States have been willing to make loans to Poland and Yugoslavia because those countries to some extent, have asserted some independence of Soviet Russia. We can encourage them to keep a measure of independence from Soviet Russia and to encourage, by their example, other nations to break away. Certainly, that is an important objective.

Second, I speak to the amendment of the senior Senator from New Hampshire. The senior Senator from Louisiana is exactly correct. If we adopt the amendment which has been proposed by my friend from New Hampshire, it will extend the prohibition of aid under this bill, I would guess, to 50 countries in the world—to newly independent countries in the Mideast, in Asia, and the new countries of Africa. They are not allies of Soviet Russia, but as newly independent countries they do not want a great power to dictate their policy—what they will do in the future, and what they will do in the present cold war. Although they are independent and democratic, and do not intend to join the Soviet Union in case of war, they do not want to become involved in the cold war. If they take the position that they cannot in national honor sign the agreement which the amendment proposes, what will happen. We shall have then denied our assistance, and isolated ourselves from many countries in the Mideast, with which we have been concerned for over a year. We shall likewise have isolated ourselves from many newly independent countries of Asia and Africa. If we pursue such a policy we shall end up being isolated from over half the peoples of the world.

I do not think that is the way, over a long period of years, to attempt to make friends throughout the world. I do not believe that is the way to alter peacefully the balance of power, which may finally convince Russia that there must be a peaceful and just solution of the world's difficulties.

For these reasons, admitting the patriotic impulses of our two friends, we are faced with a choice of methods. We know what our objectives are. We know we are engaged in a long struggle. I believe the amendments should be defeated, because they will not help us win the struggle.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield 20 seconds to the Senator from Indiana.

Mr. JENNER. Mr. President, I ask to modify my amendment in accordance with the provisions of the amendment offered by the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. LAUSCHE and Mr. SALTONSTALL addressed the Chair.

Mr. ELLENDER. Mr. President, I yield 3 minutes to the Senator from Ohio.

The PRESIDING OFFICER. How much time does the Senator yield?

Mr. ELLENDER. I yield the balance of my time to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 2 minutes and 40 seconds.

Mr. LAUSCHE. Mr. President, I am of the firm conviction that conflicting positions can be taken on this amendment with complete justification, regardless of the side chosen.

I have great fears about the adoption of the amendment offered by the Senator from New Hampshire. It would not only deal distinctly with Poland and Yugoslavia, but would embrace many other nations with respect to which prospects for good relations with the United States Government are favorable.

I agree with what the Senator from Kentucky [Mr. COOPER] has said, that the amendment of the Senator from New Hampshire would take in the nations of the Middle East and the Far East, and other nations that are not necessarily friendly to Russia, and for that reason I think, with due respect to the Senator from New Hampshire, that his amendment is not well taken.

With respect to the initial amendment offered by the Senator from Indiana [Mr. JENNER], it is my belief that by giving aid to the Governments of Yugoslavia and Poland, we are deceiving the people of Poland and Yugoslavia into the belief that the people of the United States are friendly to those governments. Just as surely as the night follows the day, the people of Yugoslavia do not want Tito and his Communist government. It is equally certain that the Polish people do not want a Communist government.

My fear is, that by giving money and other aid to them, we are delaying in two ways the advent of the upheaval of the Communist regimes in Poland and Yugoslavia.

First, we are deceiving the worker in the fields of Yugoslavia into the belief that there is friendliness among the American people for the Yugoslav Government.

Second, we are relieving the Communist governments of the responsibility of providing sustenance for their citizenry, and thus increasing the ability of these

governments to develop armaments of war. While I favored the original amendment offered by the Senator from Indiana, I regret that I will have to vote against its modified form resulting from the acceptance of the New Hampshire Senator's version of the course we should follow.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

All time on the amendment has expired. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. JENNER], as modified.

Mr. AIKEN. Mr. President, I yield myself 1 minute on the bill.

I will not vote "no confidence" in the President in the field of foreign affairs. I will not give assurance to Russia that we will not give assistance to any of the satellite nations which seek to break away from the Communist orbit.

I will not blast the hopes of freedom which the people of Poland, or any other nation of Eastern Europe may have at this time.

I will not embarrass friendly nations with which we are at present carrying out coordinated programs; and therefore I shall vote against the pending amendment.

Mr. ELLENDER. Mr. President, I yield 1 minute on the bill to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, we worked out this problem with respect to Yugoslavia last year after a great deal of difficulty, by leaving discretion in the President as to whether to send aid to Yugoslavia and by requiring him to give assurances to the Congress periodically.

I think the amendment of the Senator from New Hampshire is not in satisfactory language at the present time, but it does leave discretion in the President. I believe the amendment should be redrafted in the House, or in the Senate before the bill is finally passed so as to leave discretion in the President. I am glad to leave discretion in the President, as we did last year with respect to Yugoslavia.

We must soon consider an appropriation bill for foreign aid. This entire subject will come up in connection with that appropriation; I believe we can settle it satisfactorily by letting the President decide whether foodstuffs should go to Poland, Yugoslavia, or any other nation which, in his judgment, is not committed to fight against us in case of a war.

Mr. ELLENDER. Mr. President, I yield 2 minutes to the Senator Florida [Mr. HOLLAND] on the bill.

Mr. HOLLAND. Mr. President, I do not think sufficient emphasis has been laid on the fact that this amendment applies not solely to Poland and Yugoslavia, but particularly to all the neutral nations of the earth.

I do not think we can demand of a neutral nation which needs our help, and whose friendship we hope to win, that it should commit itself in advance before it may be dealt with under this act. If we were to do so we would not only give offense to that nation, but would, in effect, be serving notice to the world that we do not care to have any



more friends and allies than we now have. I do not want to be in that position.

I have perfect confidence in the patriotism of the President of the United States and of the Secretary of the State Department. I do not believe that they will deal helter-skelter with neutral nations, but will deal with them under the provisions of the bill only when they think there is a fair and reasonable opportunity to do them lasting good, and to leave them in a more friendly attitude, and more likely to side with us in the event of real trouble. I repeat that I do not believe we are in a position in which we want to serve notice to the world that we do not desire any more allies or friends.

Mr. AIKEN. Mr. President, I yield two minutes on the bill to the Senator from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. President, obviously, a Senator may not offer an amendment in the third degree.

I always become a little disconcerted by the haste with which language is drafted on the floor of the Senate. If it were possible to offer an amendment, I would offer a substitute which would place the burden on the President, and provide that no nation shall receive aid unless the President has assured himself, with respect to such nation, that it will not directly or indirectly support the Soviet Union, and so forth.

As the amendment is drawn at the present time, other nations must directly or indirectly indicate their attitude to the President. That puts a burden on them. Under the terms of revised language, the burden would be placed upon the President to be assured on that point. No other report to the Foreign Relations Committee would be required; and no report to the Speaker would be required, as was required in connection with the provision in the Mutual Security Act dealing with Yugoslavia.

Mr. President, I ask unanimous consent to have printed in the RECORD the complete text of the amendment I would have offered in lieu of the amendment of the Senator from Indiana, had it been in order to do so; and following that, section 143 of the Mutual Security Act approved August 14, 1957.

There being no objection, the amendment and section were ordered to be printed in the RECORD, as follows:

Section 107 of Public Law 480 is hereby amended by adding the following: "on (3) any nation, unless the President has assured himself with respect to such nation, that it will not directly or indirectly support the Soviet Union, the Communist Government of China, or any other Communist government in event of hostility between such government and the United States."

SEC. 143. Assistance to Yugoslavia: In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Represent-

atives fully and constantly informed of any assistance furnished to Yugoslavia under this act.

(c) Add a new section 144 as follows:

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. JENNER], as modified. All time on the amendment has expired.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Washington [Mr. JACKSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Oregon [Mr. MORSE], and the Senator from Georgia [Mr. TALMADGE], are absent on official business.

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Washington [Mr. JACKSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from Oregon [Mr. MORSE], would each vote "nay."

On this vote, the Senator from New Mexico [Mr. ANDERSON] has a general pair with the Senator from South Dakota [Mr. CASE].

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent because of death in his family.

The Senator from Maryland [Mr. BUTLER] and the Senator from Vermont [Mr. FLANDERS] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senators from New York [Mr. IVES and Mr. JAVITS] are detained on official business.

The Senator from South Dakota [Mr. CASE] and the Senator from Iowa [Mr. HICKENLOOPER] are also detained on official business.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Pennsylvania [Mr. MARTIN] are absent because of illness.

On this vote the Senator from Maryland [Mr. BUTLER] is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from Vermont would vote "nay."

On this vote the Senator from South Dakota [Mr. CASE] has a general pair with the Senator from New Mexico [Mr. ANDERSON].

The result was announced—yeas 24, nays 53, as follows:

#### YEAS—24

Barrett	Hruska	Payne
Beall	Jenner	Revercomb
Bricker	Knowland	Russell
Bridges	Kuchel	Saltonstall
Cotton	Langer	Schoeppel
Curtis	Malone	Smith, Maine
Dirksen	Martin, Iowa	Thurmond
Dworshak	Mundt	Williams

#### NAYS—53

Aiken	Bush	Carlson
Allott	Byrd	Carroll
Bible	Capehart	Case, N. J.

Church	Humphrey	Potter
Clark	Johnson, Tex.	Proxmire
Cooper	Johnston, S. C.	Purtell
Douglas	Kefauver	Robertson
Eastland	Kerr	Scott
Ellender	Lausche	Smathers
Ervin	Long	Smith, N. J.
Frear	Magnuson	Sparkman
Fulbright	Mansfield	Stennis
Gore	McNamara	Symington
Green	Morton	Thye
Hayden	Murray	Watkins
Hill	Neuberger	Yarborough
Hobblitzell	O'Mahoney	Young
Holland	Pastore	

#### NOT VOTING—19

Anderson	Hennings	McClellan
Bennett	Hickenlooper	Monroney
Butler	Ives	Morse
Case, S. Dak.	Jackson	Talmadge
Chavez	Javits	Wiley
Flanders	Kennedy	
Goldwater	Martin, Pa.	

So Mr. JENNER's amendment, as modified, was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WILLIAMS. Mr. President, on behalf of the Senator from New Hampshire [Mr. BRIDGES] and myself, I offer an amendment which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 2, lines 23 and 24 it is proposed to strike out "June 30, 1960" and insert "June 30, 1959."

On page 3, lines 1 and 2, strike out "June 30, 1960" and insert "June 30, 1959."

Mr. WILLIAMS. Mr. President, my amendment merely cuts the program back to 1 fiscal year ending June 30, 1959. The amendment is endorsed by the Department of Agriculture. When the Department asked for the extension of the program, it asked for \$1½ billion for fiscal 1958. They object to the extension of the program for a 2-year period on the basis that should it be needed they would be back next year to ask for another extension. Even with the adoption of this amendment it will still have authority for \$2 billion extra money. The Department and many on the committee think that the program should be reviewed by the appropriate committees of Congress and by the Department on an annual basis. To reject the amendment means that we will be giving this agency authority in the amount of \$3½ billion over a 2-year period or \$1½ billion more than they even ask for.

If the amendment is agreed to, there will still be an additional \$500 million for fiscal 1958 and the full amount or \$1½ billion requested by the Department for 1959.

With this amount of money involved, the program should have an annual review.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter which I received from the administration, in which it is strongly recommended that the program be limited to 1 year, followed by a copy of a letter from the Department under date of March 11, 1958, addressed to Senator ELLENDER, the chairman of the committee, in support of the Aiken amendment which the Senate adopted earlier.



There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, D. C., March 7, 1958.

Hon. JOHN J. WILLIAMS,  
United States Senate.

DEAR SENATOR WILLIAMS: Attached is a copy of the statement that you may use as you see fit, regarding the amendments to Public Law 480 recently adopted by the Senate Committee on Agriculture and Forestry. This material was prepared in response to your request to Clyde Wheeler.

If you need anything additional, please let us know.

Sincerely yours,

DON PAARLBERG,  
Assistant Secretary.

MARCH 7, 1958.

1. Reason for request for 1-year extension instead of 2 years:

The administration construes title I of Public Law 480 as a temporary means of moving accumulated agricultural surpluses abroad in a constructive manner. Limiting the extension of this authority to 1 year permits an annual review of the program by the Congress. Such annual review is important both with respect to effective surplus disposal under special programs and maximum effect on commercial exports. There is a likelihood that an extension of more than 1 year would tend to assign some degree of permanence to the program; it would also give less impetus to consideration of alternative methods of surplus disposal which might give greater emphasis to commercial exports. Orderly programing and shipping can be achieved under annual extensions as long as authorizations are provided soon enough during the year to prevent interruptions in programing.

2. Why yearly review is recommended:

Although Public Law 480 provides important authorities concerned primarily with the disposal of agricultural surpluses, the act requires wide Government coordination. It combines many purposes which affect our domestic and foreign economic policies and involves activities of several departments and agencies. Some of the facets of Public Law 480 can be touched on briefly. The large disposals to our friends abroad contribute directly to foreign policy objectives; the large amounts of local currencies loaned back to importing countries are coordinated by the International Cooperation Administration in mutual security operations; and local currencies are used to pay United States expenses abroad and finance agricultural market development, educational exchange programs and other activities.

Because of this complex nature of Public Law 480, it appears imperative that administrative officials and the Congress make a full and complete appraisal of its operations on an annual basis.

3. Objection to new barter amendment:

The explanation of the barter amendment to S. 3039 prepared by the Senate Committee on Agriculture and Forestry makes it clear that the amendment is intended to remove any discretion that the Secretary of Agriculture now has to determine whether he should or should not barter. The explanation shows that the amendment is intended to be mandatory and makes it clear that the Secretary must barter CCC commodities if he is offered strategic or critical materials or other materials which entail less risk of loss or substantially less storage charges than the CCC commodities. In our committee session, nobody could tell us what was meant by other materials. I am afraid it means the Secretary might have to take such things as tea, spices, iron ore, or perhaps even bottle caps under the barter program. To direct the Secretary to engage in a broad program of industrial material imports

which are not strategic or critical materials, the amendment would in effect say that the Congress would rather have the Secretary accept bottle caps instead of dollars for his agricultural commodities. Under the present law, the Secretary is directed to barter only when he believes that barter will protect the funds and assets of the Commodity Credit Corporation—in other words, he will barter when he cannot sell the same commodities for dollars. By removing this discretionary language from the amendment, the committee is saying that it is unimportant whether barter commodities are in addition to dollar sales or whether they replace dollar sales.

I cannot see how we can ask the Senate to enact a law which claims that barter is superior to cash sales. I do not see how we can tell the Secretary that he is not to consider the effect of proposed barter on regular cash sales. Nor can I understand why this same Senate committee in recommending extension of title I of Public Law 480, the provision that authorizes foreign-currency sales, directs the President to only make such sales when they are in addition to our usual commercial marketings and does not believe it necessary to include the same provision in their amendment of the barter program. Obviously, if it makes sense in title I, it also makes sense in the operation of the barter program.

The committee explanation of the barter provision makes much of the fact that barter permits the United States exporter to cut his sales price for the commodity and thereby gain a competitive edge. If this can be done under the barter program, why would it not make sense to do so on cash sales by the Commodity Credit Corporation.

Finally, the Department of Agriculture has never said it is against barter. It is for barter. It has only asked that care be exercised to insure that the barter of agricultural commodities be in addition to our dollar sales and not replacements. This is the reason that the barter program was changed last year. It is the reason why I believe that the proposed amendment is bad legislation.

DEPARTMENT OF AGRICULTURE,  
Washington, D. C., March 11, 1958.

Hon. ALLEN J. ELLENDER,

Chairman, Committee on Agriculture  
and Forestry, United States Senate.

DEAR SENATOR ELLENDER: We have been requested by Senator HUMPHREY to give consideration to, and to report to your committee on possible language changes in the proposed amendment to title III of Public Law 480, 83d Congress, which would make it more acceptable from our standpoint. This legislation would direct the Secretary of Agriculture to barter up to \$500 million worth of agricultural commodities per year for materials under certain conditions. We are, however, unable to formulate any changes short of the virtual nullification of the proposed change which would eliminate our objections. The Department of Agriculture wishes to go on record as being vigorously opposed to its enactment into law.

The proposed elimination of any consideration by the Secretary of whether or not a barter transaction will protect the funds and assets of Commodity Credit Corporation as a criterion for exercising administrative judgment is an unprecedented approach to legislative direction. We believe the best interests of the Commodity Credit Corporation, as a Government instrumentality, are synonymous with the best interests of the United States.

In our judgment the elimination of the principle of "additionality as a result of barter" cannot be justified. This amendment directs the Secretary of Agriculture to completely ignore what agricultural commodities could be moved into export channels through

the normal channels of trade for purchase by our regular customers for dollars. Its effect could be to replace to the extent of up to \$500 million per year of cash business by barter for materials which for the most part there would be no need in the near future. These materials would go into dead storage in the hope that at some future time we will be able to utilize them without serious effects on domestic producers of these materials.

We have diligently studied the potentials of barter as a means of expanding our agricultural exports. We believe opportunities do exist. We believe honestly and sincerely our present policies will give some measure of assurance that increased exports are being accomplished through barter. We believe that the assumption that barter offers almost unlimited opportunities for expansion of exports is false. Such an assumption is based on the fallacious premise that the have-not countries of the world with respect to food and fiber are countries that have great material resources to trade for food and fiber. This is not true. We believe, however, that substantial additional business can be achieved if export contractors are required to demonstrate additionality. If this requirement is eliminated all contractors will turn to easy barter and be content to merely replace cash sales.

There are powerful forces urging opening the throttle on a barter program. An analysis of the reasons therefor is in order.

This country is in a position to buy for current consumption all the foreign produced materials the economy requires. Legislation exists for the procurement of all the materials deemed prudent to stockpile for future emergency defense needs. The rate and extent of such procurement is limited only by appropriation by the Congress. In spite of the zeal to substitute barter for normal exchange, the United States dollar can still be utilized to better advantage in world markets than our agricultural commodities. Then why do we have such strong pressures for a wide-open barter program? The fact is that a surplus situation exists in the world for many materials. The producers of those materials in the foreign countries and importers of those materials into this country want a price-support and surplus-removal program for those materials. We cannot solve the price-support and surplus-removal problems of our domestic agricultural economy by attempting to take on those same responsibilities for a much wider field of material production throughout the world.

Experience with our domestic agricultural programs has, we believe, led to one accepted axiom. Price support at profitable levels of production without effective controls on production can only lead to financial disaster. To the extent that barter provides a profitable outlet for foreign produced materials, over and above that normally existing, foreign production and resultant surpluses will be increased. Certainly this country has no and could not have any semblance of control over such production.

There are a few materials such as industrial diamonds of which there is no domestic production. Of the rest, the world production affects domestic producers by their competitive price in the United States market. The removal of and insulation from the market of those surpluses may provide a temporary price stabilization to domestic producers of such materials. Such was the result of rather extensive barter transactions involving lead and zinc in the past. An artificial outlet at profitable prices can only stimulate foreign production. When the Department of Agriculture realized the folly of serving as a dumping ground for foreign surplus lead and zinc with little resultant gains in the disposal of agricultural commodities we stopped the program for reappraisal. The domestic lead and zinc indus-



try felt the full impact of the price depressing effect of this stimulated foreign production. Such will be the inevitable result on other domestic producers of barter materials under a barter program which provides an outlet for surplus foreign materials and serves as a stimulant for further expansion of such surplus production.

The importers of diamonds have been vigorous proponents of expanded barter. Diamond production is controlled by cartel. World prices are maintained by the quantities of diamonds released to the market by those cartels. Diamonds have been held up as the glowing example of a material entailing less risk of loss through deterioration or substantially less storage charges than surplus agricultural commodities. There are a few surplus diamonds in the hands of importers now. The Congress, by the enactment of this proposed amendment, would direct the Secretary of Agriculture to not only provide a home for those diamonds but also to assure the diamond cartels of the world an outlet at world prices for an expansion of production up to whatever portion of the \$500 million limitation they could get the Department to accept.

Statements have been made in previous testimony before your committee by proponents of barter of the competitive advantage, pricewise, enjoyed by barter commodities. This has been advanced as an argument that barter stimulates agricultural exports. Assuming that such a price advantage exists, it can only serve to drive down the world price of agricultural commodities. Agricultural commodities moving under barter would be in competition, not only with agricultural commodities from other countries, but with agricultural commodities exported from this country through normal channels of trade. This can become a vicious circle. To the extent that the domestic market price is influenced by the price at which exporters can sell in world markets a lower price will result in order to meet the competition of the same commodity originating through barter.

The Department has, with the encouragement of Congress, made great progress in making agricultural surpluses in CCC inventory available on a competitive-bid basis in order to meet world prices. The exporter who buys for dollars must and will bid lower than he ordinarily would, in order to meet whatever price advantage accrues from acquisition of those same commodities through barter.

Not only would the funds and assets of the Corporation suffer under such a progressively vicious circle but also the taxpayers who must make good the losses of the Corporation.

The Department is not opposed to barter. We believe it has a place in our multi-approach to surplus removal through expanding exports of agricultural commodities. We also believe, however, that the interests of agriculture and the United States as a whole will best be served if it is limited to those instances where administrative judgment believes it creates additional foreign purchasing power and channels that purchasing power into buying United States agricultural surpluses which would not otherwise move into export through normal channels of trade.

It is important to note that the proposed legislation will result in no saving in storage charges to the Commodity Credit Corporation. It will, in fact, result in increased costs. This comes about because we will not be gaining new agricultural export business but merely replacing dollar sales by barter sales. This means CCC inventories remain about the same on the agricultural side of the picture. We would, however, receive materials which must be stored at the cost of the taxpayers instead of dollars which at present we can use to reduce the indebted-

ness and interest payments of the Federal Government.

In summary it may be helpful to tabulate a few of the things the proposed amendment would and would not do. The amendment:

(1) Would direct the Secretary to barter up to \$500 million worth of agricultural commodities per year even if such transactions would not conserve the assets of CCC and the Federal Government but would dissipate them.

(2) Would direct the Secretary to barter even though the so-called barter transactions would merely replace cash sales for dollars and would have a tendency to drive down the price which CCC would receive for its remaining sales for cash.

(3) Would require the Federal Government to pay storage on unspecified materials to be imported if the imported materials have storage costs and deterioration risks lower than agricultural commodities owned by CCC even though such materials could not be used in the foreseeable future.

(4) Would increase the interest costs of CCC and the Federal Government.

(5) Would provide world price support for materials without permitting domestic mining interests to benefit directly.

(6) Would require CCC officials who are not experts in this field to spend up to \$500 million for foreign materials each year.

On the other hand the amendment:

(1) Would not appreciably reduce CCC inventories of agricultural commodities.

(2) Would not to any measurable extent establish new agricultural export outlets or increase existing ones.

(3) Would not reduce storage costs of CCC.

(4) Would not reduce deterioration losses of CCC.

(5) Would not be of help to farmers or to our commodity inventory problems.

The proposed amendment prohibits the exercise of administrative judgment to an unprecedented extent. In our opinion it would, in retrospect, serve as a basis to discredit the Congress that enacted it and those who attempted to administer it.

Since this proposed legislation is ready for consideration on the floor of the Senate, we have not cleared this report with the Bureau of the Budget.

Sincerely yours,

E. T. BENSON,  
Secretary.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. BRIDGES. I support the amendment of the Senator from Delaware, which I had the privilege and honor of cosponsoring, because I think we are going wild on spending. We are in the midst of very changeable conditions in the United States. I think we should be in a position to review a great expenditure and a major policy decision such as this every year.

As the Senator from Delaware has carefully explained, the amendment will not affect the additional money needed for 1958 or for the full fiscal year 1959. It merely terminates the program at the end of fiscal 1959 to allow Congress to review an extension for the fiscal year 1960.

The amendment is sound in every respect. I do not see how any Senator can quarrel with it.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. MORTON. As I understand, the Senator's amendment merely cuts back the authorization 1 year.

The PRESIDING OFFICER. The time of the Senator from Delaware has expired.

Mr. WILLIAMS. Mr. President, I had 15 minutes.

The PRESIDING OFFICER. The Senator yielded time, and now his time has expired.

Mr. WILLIAMS. I beg pardon. I had 15 minutes on my own amendment. I did not ask that time be yielded to me.

The PRESIDING OFFICER. The Chair was misinformed. The Senator from Delaware has 13 minutes remaining.

Mr. WILLIAMS. I thank the Chair. I yield to the Senator from Kentucky.

Mr. MORTON. As I understand, the amendment of the Senator from Delaware relates to the time element, and fixes the duration of the program at 1 year, instead of 2.

Mr. WILLIAMS. That is correct.

Mr. MORTON. It does not in any way affect the authorization for the remainder of this fiscal year or for the next fiscal year.

Mr. WILLIAMS. That is correct.

Mr. MORTON. The amount remains the same; the time is cut back.

Mr. WILLIAMS. It is merely a cut-back of the time. It eliminates the additional fiscal year, 1960. It does not affect the additional money provided for the remainder of this fiscal year, or the \$1.5 billion for the next fiscal year, as requested by the Department. It merely eliminates the fiscal year 1960, as the Senator has said.

Mr. MORTON. I support the amendment of the Senator from Delaware. I think we must bear this in mind. In the interest of the farmers of America, we hope some day to get back to a program under which our agricultural exports will be sold for cash. If we establish 2- or 3-year programs, I admit that it may be easier to make commitments, and it may be easier, in some ways, to enlarge the program. But we shall be putting into the minds of our agricultural customers, over the years, the thought that if they sit tight on their dollars, we will come along with a Public Law 480 program for them, sooner or later.

If we do not watch out, we will never have the opportunity to regain the agricultural profits we have historically enjoyed. That is another reason for my support of the amendment.

Mr. WILLIAMS. The same argument was made by the Secretary of Agriculture. He was fearful that an extension of the program over a long period of time might actually result in fewer sales than would be possible if our friends abroad thought this was to be extended indefinitely.

In view of the fiscal situation which confronts the Government, it would be well for us to consider that even accepting my amendment, we will still be providing \$2 billion for this program. It might be well a year from now to re-evaluate the financial situation of the Government and the status of the agricultural program to determine whether we can afford to or should extend it to



1960. Certainly any \$2 billion expenditure should be reviewed by Congress.

I hope that the Senate will adopt the amendment.

This program has helped the American farmer, and it has a lot of support from the many farm organizations. We in Congress have a responsibility to make a careful annual review of all transactions involved to make sure that the program does not become discredited. Secretary Benson, recognizing the need for this careful supervision, has endorsed the principle of my pending amendment, which would extend the program for just 1 additional fiscal year.

Mr. ELLENDER. Mr. President, I yield myself 2 minutes.

The committee was divided as to whether to provide for 1 year or 2 years. I myself voted for 1 year. As I understand the amendment, \$2 million would be provided for the rest of this fiscal year, and \$1,500,000,000 for the next fiscal year.

As I pointed out on the first day of the debate, the Department of Agriculture favored an extension for only 1 year. The testimony of Mr. Parlborg was at variance with what is contained in the letter presented to the committee by the Department of Agriculture. After considerable debate in the committee, the committee decided to provide for an extension of 2 years. That is the sum and substance of what occurred.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield 2 minutes to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, before the vote, I think the Senate should know that the National Farmers Union, the American Farm Bureau Federation, and the National Grange—three great farm organizations of the United States—and the National Milk Producers Federation, and others, as well, have supported a minimum extension of 2 years. Whether that is persuasive or not, at least it should be a matter of record.

Second, I think it should be known that the arguments which are being used by the distinguished Senator from Delaware now were not the arguments he used when the law was authorized. The original authorization for Public Law 480 was for 3 years—not 1 year, not 2 years, but 3 years. It was only last year that Congress extended the law for 1 year. The year before last we extended it for 1 year. After that, we ran out of funds and had to close down the program. That disrupted the export program and the orderly marketing. That is according to the testimony of Mr. Paarlberg.

Mr. Paarlberg, the Assistant Secretary of Agriculture in charge of this program, and the economic adviser to the Secretary of Agriculture, a gentleman whose nomination was recently confirmed by the Senate, stated:

The request for a larger authorization this year is caused by changing world conditions. The dollar position of several countries has worsened and greater demand has resulted from poor harvests overseas. Shipments under past programs, particularly wheat for India, have been accelerated. In addition,

we would expect to program part of the new authorization before June 30 if the extension is granted soon enough.

At the same time the Assistant Secretary testified as to the importance of providing adequate authorization as follows:

In the title I program, orderly programing and shipping is extremely important. These are dependent on continuous programing without time out between utilization of separate authorizations. We have run into periods when title I programing has come to a standstill; for example, the development of new agreements virtually ceased in January 1957 when our authorization was almost exhausted. The availability of funds during the following months would have avoided a backlog of program requests from interested countries. This backlog resulted in the necessity to scale down, delay, or exclude country programs, and in erratic shipment performance. Shipments were running about 800,000 tons a month last spring; these dropped off to less than 400,000 tons and are now just starting to increase again. It is possible that this same condition will exist again unless an extension is granted early in this session of Congress.

This is a program which the Department of Agriculture wants to have continued, a program which it has said it will recommend to be continued. There has been no indication of a desire to discontinue it. The Department's economist has said, in effect, "If you really want a smooth-running program, if you want to get the most out of the program, authorizations for longer periods of time are needed."

It is a maximum of \$1,500 million a year; that is the total amount. It seems to me that good, prudent business practice would indicate that we should have at least a 2-year authorization.

I may add that if we can have a 2-year authorization for foreign aid, we should be able to have one for this program.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The time yielded to the Senator from Minnesota has expired.

Mr. ELLENDER. Mr. President, I yield 1 minute to the Senator from Vermont [Mr. AIKEN].

The PRESIDING OFFICER. The Senator from Vermont is recognized for 1 minute.

Mr. AIKEN. Mr. President in the committee my position on this matter was the same as that of the chairman of the Committee on Agriculture and Forestry, the distinguished senior Senator from Louisiana [Mr. ELLENDER], namely, \$2 billion to take us through the rest of this year and through the fiscal year 1959.

Although the bill, as written, would not be particularly harmful, yet I believe that if we can have a review made every year of this situation—as provided for by the amendment of the Senator from Delaware—it might be a little more satisfactory.

If we are to reduce our agricultural surpluses at the rate of \$1.5 billion worth a year, we want to keep rather close watch over them.

Mr. WILLIAMS. Mr. President, I hope the amendment will be agreed to.

I yield back the remainder of the time under my control.

Mr. ELLENDER. Mr. President, I yield back the remainder of the time under my control.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The question is on the agreeing to the amendment of the Senator from Delaware. [Putting the question.]

The "ayes" appear to have it.

Mr. HUMPHREY. Mr. President, I call for a division.

The Senate proceeded to divide.

Mr. HUMPHREY. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware [Mr. WILLIAMS]. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Washington [Mr. JACKSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oregon [Mr. MORSE], the Senators from Georgia [Mr. RUSSELL and Mr. TALMADGE] are absent on official business.

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Washington [Mr. JACKSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oregon [Mr. MORSE], and the Senators from Georgia [Mr. RUSSELL and Mr. TALMADGE] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent because of death in his family.

The Senator from Maryland [Mr. BUTLER] and the Senator from Vermont [Mr. FLANDERS] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senators from New York [Mr. IVES and Mr. JAVITS] are detained on official business.

The Senator from Iowa [Mr. HICKENLOOPER] is also detained on official business.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Pennsylvania [Mr. MARTIN] are absent because of illness.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Maryland [Mr. BUTLER], and the Senator from Vermont [Mr. FLANDERS] would each vote "yea."

The result was announced—yeas 38, nays 42, as follows:

#### YEAS—38

Aiken	Dirksen	Payne
Allott	Dworshak	Potter
Barrett	Frear	Purtell
Beall	Hoblitell	Revercomb
Bricker	Hruska	Robertson
Bridges	Jenner	Saltonstall
Bush	Knowland	Schoepfel
Byrd	Kuchel	Smith, Maine
Capehart	Lausche	Smith, N. J.
Carlson	Malone	Thurmond
Case, N. J.	Martin, Iowa	Watkins
Cotton	Morton	Williams
Curtis	O'Mahoney	



## NAYS—42

Anderson	Hayden	Monroney
Bible	Hill	Mundt
Carroll	Holland	Murray
Case, S. Dak.	Humphrey	Neuberger
Church	Johnson, Tex.	Pastore
Clark	Johnston, S. C.	Proxmire
Cooper	Kefauver	Scott
Douglas	Kerr	Smathers
Eastland	Langer	Sparkman
Ellender	Long	Stennis
Ervin	Magnuson	Symington
Fulbright	Mansfield	Thye
Gore	McClellan	Yarborough
Green	McNamara	Young

## NOT VOTING—16

Bennett	Hickenlooper	Morse
Butler	Ives	Russell
Chavez	Jackson	Talmadge
Flanders	Javits	Wiley
Goldwater	Kennedy	
Hennings	Martin, Pa.	

So Mr. WILLIAMS' amendment was rejected.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the yeas and nays on the passage of the bill be vacated.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HOLLAND. Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated March 14, 1958, written to me by Mr. John C. Lynn, legislative director, American Farm Bureau Federation, stating the attitude of that organization on the bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN FARM BUREAU FEDERATION,

March 14, 1958.

Hon. SPRESSARD L. HOLLAND,

United States Senate,

Washington, D. C.

DEAR SENATOR HOLLAND: As you know the American Farm Bureau Federation took initiative in developing Public Law 480, the Agricultural Trade Development Act. We have always considered this act as a temporary measure designed to increase marketings of agricultural commodities abroad, to assist in reducing the surpluses in the hands of Commodity Credit Corporation and in facilitating foreign-market development.

Farm Bureau is opposed to the provisions contained in S. 3420. While we support a 2-year extension of Public Law 480, we feel that it is imperative that we emphasize the fact that this is supposed to be a temporary measure. In order to do this, we must show our intent of a gradual tapering off of the money authorized for this program. We, therefore, support a 2-year extension of this act with authorization as follows—for fiscal 1959, \$1,250,000,000; for fiscal 1960, \$750 million.

We submit that by increasing the authorization for title I foreign-currency sales up to over \$3,500,000,000 in the next 2½ years, plus the proposed mandatory barter provision of \$500 million is a step not in the best interest of the United States. It will have the effect of making Public Law 480 a permanent part of our agricultural export program and will have the effect of replacing dollar sales with sales for soft currencies. It is important that the Congress demonstrate its firm intent of tapering off sales for foreign currencies and thereby emphasize the temporary nature of this program.

We should not continue to use Public Law 480 to dump surplus agricultural commodities accumulated because of the continuation of unsound domestic price support and

adjustment programs. The freezing of the present programs will insure a continued accumulation of commodities in the hands of Commodity Credit Corporation.

A program of sales for foreign currency can benefit American agriculture only a limited length of time before markets begin to be oriented to this way of doing business. Customer nations start to consider foreign currency sales as a normal part of commercial trade. We view with serious concern evidence that some countries are adjusting their dollar exchange so that very little of it is used for the purchase of American farm products. Competitor nations will not accept a permanent Public Law 480 without taking serious trade retaliatory action against United States agricultural exports.

Farm Bureau also supports a program of bartering our agricultural surpluses for essential materials. However, we feel that barter transactions must be in addition to normal dollar sales. Under the provisions of S. 3420 barter transactions would displace dollar sales to a substantial degree. The barter program should be a supplement to normal exports; it should not displace dollar purchases. A barter program as visualized in S. 3420 would cause irreparable harm to United States foreign relations and United States foreign trade. The provision in its present form will tend to nullify some of the good in title I of Public Law 480.

We know of your interest in this program and hope that you will assist us in keeping Public Law 480 on a sound basis. We urge your support in amending S. 3420 so as to reflect the above principles.

Sincerely yours,

JOHN C. LYNN,  
Legislative Director.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill (S. 3420), as amended, was passed, as follows:

*Be it enacted, etc.,* That section 103 (b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.), is amended to read as follows:

"(b) Agreements shall not be entered into under this title during any fiscal year which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$1,500 million, plus any amount by which agreements entered into in prior fiscal years (beginning with the fiscal year ending June 30, 1958) have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years."

SEC. 2. (a) Section 104 of such act is amended by inserting before the period at the end of the first sentence of paragraph (h) thereof the following: "and for the financing of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446)."

(b) Such section is further amended by adding after paragraph (j) the following new paragraph:

"(k) For providing assistance, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of work-

shops in American studies or American educational techniques, and supporting chairs in American studies."

SEC. 3. Section 109 of such act is amended by striking out "June 30, 1958" and inserting in lieu thereof "June 30, 1960."

SEC. 4. Section 204 of such act is amended by striking out "June 30, 1958" and inserting in lieu thereof "June 30, 1960."

SEC. 5. Section 206 (a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a semicolon and the following: "but no strategic or critical material shall be acquired by the Commodity Credit Corporation as a result of such barter or exchange except for such national stockpile, for such supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs."

SEC. 6. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the act in the same manner as upland cotton or any other surplus agricultural commodity is made available, and products manufactured from upland or long-staple cotton shall be made available for sale pursuant to the provisions of title I of the act as long as cotton is in surplus supply, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the act.

### INCREASED LENDING AUTHORITY OF EXPORT-IMPORT BANK

Mr. JOHNSON of Texas. Mr. President, I send to the desk a proposed order, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the proposed order.

The legislative clerk read as follows:

#### UNANIMOUS-CONSENT AGREEMENT

Ordered, That following the reconsideration of the vote on the bill (S. 3149) to increase the lending authority of the Export-Import Bank of Washington, and for other purposes, debate on the passage of the bill shall be limited to 10 minutes, to be equally divided and controlled by Mr. JENNER and the majority leader.

Several Senators addressed the Chair.

Mr. JOHNSON of Texas. Mr. President, we have an agreement with the Senator from Indiana that the Senate would reconsider the action it took in passing the Export-Import Bank bill the other day. He is leaving the city. I agreed with him we would limit to 10 minutes the debate on reconsideration of the vote by which the bill was passed. Although he urged that we have a yeand-nay vote, he finally agreed that there be a division. I think if Senators will indulge me for about 10 minutes, so we can proceed to that matter, perhaps we can avoid another rolloall or two. I want to accommodate the Senator. He has waited several days so that the Senate could reconsider its action. There are other Senators who wish to leave town. The staff hopes to get away early, because the electricity has been cut off in several parts of town. If Senators will be as brief as possible, it will be appreciated in many quarters.

The PRESIDING OFFICER. The question is on agreeing to the order proposed by the Senator from Texas. Is



there objection? The Chair hears none, and the order is entered.

Mr. JOHNSON of Texas. Mr. President, I ask that the action by which the Senate passed S. 3149, increasing the lending authority of the Export-Import Bank, be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote is reconsidered.

Mr. JOHNSON of Texas. Is the Senator from Indiana prepared to proceed with his statement?

TWO MORE BILLION DOLLARS FOR THE  
EXPORT-IMPORT BANK

Mr. JENNER. Mr. President, the Senate has just passed a bill providing for the spending of billions of dollars. The other day I was profoundly shocked by the change in procedure by which an obligation of up to \$2 billion was laid on the American people by a Senate vote for S. 3149, to increase, by \$2 billion, the lending authority of the Export-Import Bank.

This bill was called up March 3, without any indication on the Legislative Calendar or in the CONGRESSIONAL RECORD that we would be voting to add \$2 billion to our contingent liabilities.

The request for a quorum call was perfunctorily made, and as perfunctorily withdrawn.

I think spending \$2 billion of the American taxpayers' money is too important not to have some notice and not to have a quorum call in the Senate.

The entire debate on the bill in the Senate takes up only a few lines in the CONGRESSIONAL RECORD.

I do not wish to make any blanket criticisms of the Export-Import Bank. On the whole, they have tried to make productive economic loans, and to keep their operating costs within a narrow margin.

I am disturbed about two matters. Why does the bank need two billion, if their loans last year, an unusually active year, were one thousand sixty-six million? Half of this sum was an emergency loan to Britain to meet the special problems raised by the Suez crisis. In addition, the bank collects repayments of about five hundred million a year. A fund of two billion should provide lending margin enough for from 2 to 10 or more years.

I do not believe our economy is in such a shape that we ought to increase the lending authority of the Export-Import Bank without a rollcall or a discussion.

The president of the National Foreign Trade Council recommended what he carefully described as a "reasonable increase" in the lending authority of the bank, but what is the evidence that two billion is a "reasonable" increase?

The second puzzle arises out of the first. Is this surprisingly large request designed to make sure funds are available to the Export-Import Bank, because of some already-agreed-on change in lending policies of which Congress might not approve?

Is the Export-Import Bank going to go in for softer loans, as the advocates of easy money for foreign governments have so persistently demanded?

I wonder especially if the Export-Import Bank is to be synchronized with the

new program for international development loans to neutral nations in the undeveloped continents?

Congress has been properly skeptical about this international development fund, which was so strongly denounced in the minority report of the House Committee on Foreign Affairs.

I pointed out some of its dangers in the debate on foreign aid.

Senators will remember how Congress has tried, again and again, to prevent point 4 funds from being used for machinery, services, and other costs, which should be paid for by the receiving country.

Congress was so successful in closing this leak that the executive agencies had to work out another way to get what they wanted.

They now get American funds for their local projects by a tie-in between point 4 and so-called development projects under foreign aid.

Whenever Congress saves a little money at the spigot, the bureaucrats find a way to spend many times as much at the bung hole.

So I wonder if we have here another bit of ingenuity by which ICA's international development fund will provide the strategy, and the Export-Import Bank is to supply working capital loans at the right times and places.

One hint in this direction is the amendment to the Agricultural Surplus Disposal Act, by which the bank is re-lending the counterpart funds which accrue from the sale of agricultural surpluses to foreign countries. We have just extended that authority.

We have been told by propagandists for the International Development Fund that American agricultural surpluses should be used to supply capital for the financing of development projects in Asia and Africa.

Is this how the deed is to be done, under cover of a program to help American farmers?

In the reactionary days of the 19th century, foreign investors were supposed to put up enough capital to pay for the food of their workers.

What a nice windfall it will be for the private investors in this bold new financial scheme, if the people of the United States are taxed to pay the cost of part of their expenses.

We do not have documentary proof of such a change in policy, but we know the unrelenting zeal with which the promoters of the international development fund pursue their aims.

We know the International Development Fund, for so-called private loans, is not, and will never be, anything but a drain on the United States Treasury.

Our tax funds are given outright to the ICA for soft loans, and never come back to the Treasury. The Senator from South Dakota [Mr. CASE] tried to correct that evil today, but was defeated.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JENNER. Mr. President, I ask unanimous consent that I may proceed for 3 additional minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator

from Indiana? The Chair hears none, and it is so ordered.

Mr. JENNER. Mr. President, if the foreign aid planners do intend to use the Export-Import Bank, and other agencies, to extend new and softer foreign loans, we know they will never give Congress the facts.

When we see a gap between the need for, perhaps, a half billion dollars, and a request for 2 billions, for the Export-Import Bank, at a time when the Treasury must husband every dollar, it is the duty of Senators to try to get what facts we can get from behind the curtain of official secrecy.

That is why I am so greatly disturbed by the speed with which this bill has been moving along.

Hearings lasted only one session.

The only witness was a Government official, Samuel C. Waugh, President of the Export-Import Bank, who had formerly been Economic Assistant Secretary in the State Department.

No public witnesses testified.

Public opinion was represented only by insertion of two letters.

With that, the hearings were closed.

We cannot tell from the record who decided on 2 billions, or why.

I do not consider that there could ever be a good reason for voting an increase of 2 billions in the potential liabilities resting on our people, without the use of every legislative means to inform the Senators, and to enable even one Senator to state his protest against such spending of money we do not have.

The United States Government is, at present, not able to operate with a debt ceiling of two hundred seventy-five billions.

This Congress has recently raised the ceiling to two hundred eighty billions, and administration experts talk of asking to have the ceiling removed altogether.

Meanwhile, revenues are falling below budget estimates.

We have been told that the Defense Department may need billions more for a stepped-up program to meet Soviet gains.

We have been asked to vote another three and a half billions to the Commodity Credit Corporation—which we have disposed of.

We are asking the American people to pay billions more so the executive branch can step up its missile and satellite program, and, with a straight face, asking them to pay three and a half billions more to give our farm surpluses to Poland, and other satellite states, which serve as granaries and arsenals of the Soviet war machine.

Is this the reason we had to increase the debt ceiling by five billions, or is this a new commitment?

Are we going to be told in a few months that we have to increase the debt ceiling again because Congress has voted five and a half billions of new credit to these agencies, and, of course, the executive agencies always try to do exactly what Congress wishes.

If this is a booby trap, for committing us to a new increase in the debt ceiling, let us take time now to examine what we are doing.



The responsibility for reconciling our expenditures, our obligations and our taxing power, rests on Congress.

It is not the responsibility of the Budget Bureau, or the executive branch, or the President, or the committees of Congress.

It is the responsibility of the Congress as a whole.

Every Member, from every State, is responsible.

The legislative power is clearly vested in the Congress.

The chief legislative power, next to making war, is the power to commit the people's earnings for precisely defined purposes, and within sound political and economic limits.

I repeat—I do not believe Congress can ever be justified in voting a commitment of \$2 billion, for any purpose whatever, without the fullest notice, on the calendar and in the CONGRESSIONAL RECORD, and after a real—not a perfunctory—quorum call.

Surely we should not condone the authorizing of 2 billions of new liabilities on the American people, with so little participation by the Senate as a whole.

A similar situation arose in connection with the Senate's advice and consent to treaties, binding us in foreign policy.

After the spectacle of a treaty passed without 1 or 2 Senators were present, the Senate changed its procedures to call for a yea-and-nay vote on treaties.

I believe the strain on our finances is so great today that no bill which authorizes the spending of billions, or commits the credit of the Federal Government, should pass the Senate without a record vote.

#### AMERICAN WORKINGMEN AND INVESTORS FINANCING THEIR OWN COMPETITION

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas [Mr. JOHNSON] is recognized.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Nevada [Mr. MALONE].

Mr. MALONE. Mr. President, I ask unanimous consent that I may be permitted 3 or 4 minutes to ask a few questions of the distinguished Senator from Indiana.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may yield to the Senator from Nevada for 2 minutes, so that he may ask questions of the Senator from Indiana.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. MALONE. Mr. President, I should like to ask the distinguished Senator from Indiana if the Export-Import Bank is not a bank set up especially to loan money to foreign nations to build manufacturing and processing plants and to employ the cheap labor of the foreign countries, furnishing the markets of those countries and sending the sweat shop labor products into this country?

Mr. JENNER. The Senator is correct.

Mr. MALONE. There are three other organizations; the International Monetary Fund—organized by Harry Dexter White—the International Bank for Reconstruction and Development, and the International Finance Corporation—all loaning money to foreign nations and to American corporations to build plants in foreign cheap labor countries to compete in American markets under the 1934 Trade Agreement Act—the so-called Reciprocal Trade Act.

Mr. JENNER. The International Monetary Fund?

Mr. MALONE. Yes. Those other three organizations not only loan money to foreign countries, but they loan money to American corporations, so that they may go abroad to build such manufacturing and production plants and ship the materials produced by cheap labor into the United States.

Mr. JENNER. The Senator is correct.

Mr. MALONE. Using cheap labor for that purpose?

Mr. JENNER. That is correct.

Mr. MALONE. Does the distinguished Senator from Indiana believe that process is of benefit to the United States and a help in employing American workmen now going out on the streets in droves and for the protection of Americans in shops?

Mr. JENNER. No. I think it is a detriment. I think the Senator put it very well when he said that if we keep on doing this Walter Reuther one of these days will be riding down the streets of America in a foreign-made automobile waiving at the workers of America who are unemployed because of such policies.

Mr. MALONE. I said that 4 or 5 years ago, and many thought it was a joke, but they are on the street now.

Is this Mr. Waugh, the President of the Export-Import Bank, the same person who represented the United States at Geneva, where the 36 foreign nations are dividing our markets among them under the General Agreements on Tariffs and Trade—GATT—organized under the 1934 Trade Agreement Act?

Mr. JENNER. That is correct. He was with the Department of State before he went to the Export-Import Bank.

Mr. MALONE. When those countries agree to lower tariffs in their multilateral trade agreements, is not that obligation waived so long as they can show they are short of dollar balances?

Mr. JENNER. That is correct.

Mr. MALONE. As a matter of fact, then they are not bound to keep the trade agreements with us. However, we are bound and are the only free-trade nation in the world; they protect themselves—their nation from imports—through tariffs, import permits, exchange permits, and manipulation of the price of their money in terms of the dollar for trade advantage.

Mr. JENNER. I think the Senator is correct.

Mr. MALONE. The taxpayers of America—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSON of Texas. Mr. President, I yield the Senator an additional minute.

Mr. MALONE. The taxpayers of America, the workingmen and investors of this Nation are financing their own cheap-labor competition—their very downfall; is that not correct?

Mr. JENNER. There is no question about that. Let us finish this debate some other day, if that is agreeable to the Senator.

Mr. MALONE. All right.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time, with the understanding that the Senator from Indiana will yield back the remainder of his time; and I ask for a division on the passage of the bill.

Mr. JENNER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on final passage of the bill. On this question a division has been requested.

On a division, the bill (S. 3149) was passed, as follows:

*Be it enacted, etc.,* That the Export-Import Bank Act of 1945, as amended, is amended—

(1) by striking out "\$4,000,000,000." from section 6 and inserting in lieu thereof "\$6,000,000,000."; and

(2) by striking out "\$5,000,000,000." from section 7 and inserting in lieu thereof "\$7,000,000,000."

#### PROPOSED FEDERAL TRADE COMMISSION JURISDICTION TO PREVENT MONOPOLISTIC ACTS IN MEAT AND MEATPACKING COMMERCE

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 706, Senate bill 1356.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1356) to amend the antitrust laws by vesting in the Federal Trade Commission jurisdiction to prevent monopolistic acts or practices and other unlawful restraints in commerce by certain persons engaged in commerce in meat and meat products, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas [Mr. JOHNSON].

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause and insert:

That (a) subsection (6) of section 5 (a) of the Federal Trade Commission Act, as amended (36 Stat. 632; 15 U. S. C. 45 (a) (6)), is amended to read as follows:

"(6) The Commission is empowered and directed to prevent persons, partnerships, or corporations, except banks, common carriers subject to the acts to regulate commerce, and air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938, from using unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce."

(b) Section 2 (a) of the Packers and Stockyards Act, 1921, as amended (42 Stat.



159, as amended; 7 U. S. C. 182), is amended by striking out:

(1) paragraph (3) thereof; and  
(2) paragraph (5) thereof.  
(c) The title of such act (7 U. S. C. 181, et seq.) and the title of the act where it appears in the preamble of the act of August 14, 1935 (49 Stat. 648), are amended by striking out the words "livestock products, dairy products" and the words "poultry products, and eggs."

(d) Section 2 (b) of such act (42 Stat. 159; 7 U. S. C. 183) is amended by striking out the words "and meat-packing industries, whereby livestock, meats, meat food products, livestock products, dairy products, poultry, poultry products, or eggs," and inserting in lieu thereof the words "industry, and whereby livestock."

(e) Title II of such act (42 Stat. 160; 7 U. S. C. 191-195) is repealed.

(f) Sections 401 and 403 of such act (42 Stat. 168; 7 U. S. C. 221, 223) are amended by striking out, in each such section wherever they appear, the word "packer," and the words "packer or any live poultry dealer or handler."

(g) Section 502 (a) of such act (49 Stat. 648; 7 U. S. C. 218a (a)) is amended by striking out the words "packers as defined in title II of said act and railroads", and inserting in lieu thereof the words "a railroad."

(h) Section 502 (b) of such act (49 Stat. 648; 7 U. S. C. 218a (b)) is amended by inserting, immediately after the words "this act", the words "or the Federal Trade Commission Act."

(i) Section 503 of such act (49 Stat. 649; 7 U. S. C. 218b) is amended by striking out the first sentence thereof.

Mr. JOHNSON of Texas. Mr. President, on behalf of the acting minority leader, the Senator from Illinois [Mr. DIRKSEN], the Senator from Wyoming [Mr. O'MAHONEY], and myself, I send to the desk a proposed unanimous-consent agreement and ask for its adoption.

The PRESIDING OFFICER. The proposed agreement will be read.

The proposed unanimous-consent agreement was read, as follows:

#### UNANIMOUS-CONSENT AGREEMENT

Ordered, That during the consideration of S. 1356 (Calendar No. 706) to amend the antitrust laws by vesting in the Federal Trade Commission jurisdiction to prevent monopolistic acts or practices and other unlawful restraints in commerce by certain persons engaged in commerce in meat and meat products, and for other purposes, debate shall be limited as follows:

Two hours upon any substitute and 30 minutes upon any other amendment, motion or appeal, except a motion to lay on the table, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2½ hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement?

Mr. HOLLAND. Mr. President, I object.

The PRESIDING OFFICER. The objection is heard.

#### ORDER FOR RECESS UNTIL 11 O'CLOCK A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today, it stand in recess until 11 o'clock a. m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ACTION OF TEXAS RAILROAD COMMISSION IN REDUCING ALLOWABLE OIL FOR APRIL

Mr. JOHNSON of Texas. Mr. President, an item has just come in over the news ticker which darkens an already bleak picture. It reads as follows:

AUSTIN.—The Texas Railroad Commission today slashed the State's oil allowable for April 120,203 barrels daily, and set producing days on a new alltime low schedule of 8.

The total allowable was pegged at 2,444,571 barrels daily.

The Texas Railroad Commission meeting today has cut the oil allowable in April to 8 days—an alltime low schedule.

Mr. President, the Texas Railroad Commission acted as it did out of grim necessity. Under all the circumstances it had no choice.

This news further accentuates the urgency of the situation. It is to be hoped that we will soon get firm action on the important issue of imports.

#### WHAT BARTER VOTE MEANS

Mr. HUMPHREY. Mr. President, I want the record clear as to what the Senate has done today in voting, 44 to 39, against expanding the Department of Agriculture's barter operations.

We have given a green light to halting barter.

We have gone on record against trading surplus agricultural commodities for which we lack a cash market, and which are costly to store, for materials of which our country lacks enough, and which are less expensive to store.

The majority of the Senate has rejected an opportunity to save upwards of \$100 million a year in storage costs.

The Senate rejected the experienced advice of American business firms engaged in grain exports, and has taken instead the advice of the politicians of the Department of Agriculture which, to say the least, have a sorry record of marketing operations.

The Senate has in effect said protection of foreign producers is more important than protection of our own farm producers.

The majority of those present and voting has turned down a chance to aid our farm producers and mineral producers at the same time, by restricting barter that would have automatically moved more of the mineral supply into tightly locked stockpiles and thereby

bolstered prices for supplies remaining on the free market.

In view of all the confusing distortions used to bring about this result, I am not surprised by the result.

The record is quite clear as to what this action, unless it is reversed in the other House, will do to future barter operations by the Department of Agriculture.

All the legislative history and hearing testimony show the Department, under existing law, has imposed restrictions virtually halting barter operations.

The entire purport and objective of the proposed legislation was to tell the Department the Senate wanted that action reversed—that Congress wanted barter resumed.

The Senate has now said just the opposite. It has put the stamp of approval on restrictive regulations imposed by a Department official who has openly said he is against all barter. Approval of his policies can only be accepted by him as a mandate to quit using one of the effective tools Congress has created for him in the past for disposal and sale of farm surpluses.

In view of the vote, it will be significant to see in the future which Members of this body complain about the surplus they refused to help move—and which Members of this body complain about the cost of storage for farm commodities they refused to help curtail.

It is also interesting to see who is really interested in supporting private American trade and who expressed a preference for keeping marketing in the hands of the Department of Agriculture, over the objection of the private trade.

I regret that by our action we have formally sanctioned executive repudiation of legislative judgment.

That is what really happened. For several years Congress has made it clear it wanted the Department of Agriculture to engage in barter. The Department decided otherwise. When the Senate was called upon to reaffirm the intent of past legislation, it concurred in the Department's defiance of expressed legislative intent.

Where this can lead no one can tell, but we may have opened a Pandora's box we shall live to regret.

It is particularly regrettable that so much misinformation was used in bringing about this result, misinformation apparently supplied, in large part, by the Department of Agriculture.

To help keep the record straight, Mr. President, I ask unanimous consent to have printed in the RECORD two telegrams I have just received from responsible American businessmen objecting strongly to erroneous information used in the Senate debate yesterday as part of the effort to reject barter.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., March 20, 1958.

Senator HUBERT H. HUMPHREY,  
Senate Office Building,

Washington, D. C.:

MR. AIKEN, we note from the CONGRESSIONAL RECORD of yesterday, implied that four-tenths percent discounts were being allowed under barter to commodity buyers in



Western Europe. When barter was operating freely discounts never approached four-tenths percent and averaged closer to 1 to 1½ percent. What is occurring today is strictly academic since barter virtually does not exist, and certainly none is going to Western Europe. Furthermore, under present restrictions, barter under any discount is extremely dangerous and undesirable. Even when discounts averaged 1 to 1½ percent they were discounts allowed to commodity people such as ourselves and did not determine how we sold abroad. Sales prices to our customers abroad were determined by competition and not by discounts received. Furthermore, in many instances, CCC prices in this country were out of line with free-market prices here, in which cases discounts were necessary to bring CCC prices in line, as of course barter grain had to be purchased from CCC stocks. Barter, therefore, always tended to give a higher return to CCC for commodities and also tended to keep prices higher in this country.

JACK MCBRIDE,  
Standard Milling Co.

NEW YORK, N. Y., March 20, 1958.

HON. HUBERT HUMPHREY,  
United States Senate,  
Washington, D. C.:

According to the CONGRESSIONAL RECORD, I understand Senator AIKEN asked you the question whether or not you would still be in favor of barter if you realized that American commodities were being sold abroad at discounts ranging from 4 to 10 percent. The normal discounts to cover the exporter accepting responsibility to export the agricultural commodities in exchange for the material that is imported is 1 to 1½ percent. Any discount below this level is on account of the restrictions that have been put on the movement of grain for export through barter transactions by the Department of Agriculture. Should the present amendment to Public Law 480 be approved by the Congress this discount would most likely be 1 percent or less and as you know the grain exporter is obligated to buy the grain from the Commodity Credit Corporation whereas many times free market grain is offered at a cheaper price than the Commodity Credit prices. Furthermore this discount enables the American exporter to sell American grain abroad in competition with Argentina, Australia, and other competitive grain exporting countries.

CROFTON GRAIN CO.,  
CHARLES B. CROFTON.

#### BIENNIAL CONVENTION OF NATIONAL FARMERS UNION

Mr. HUMPHREY. Mr. President, the National Farmers Union held its biennial convention in Denver, Colo., March 16-20. Among the speakers heard by the delegates and visitors from 25 States was the former President of the United States, the Honorable Harry S. Truman; the Nobel Prize winner and first secretary general of the Food and Agricultural Organization of the United Nations, Lord John Boyd Orr; and the capable and energetic Washington columnist, Doris Fleeson.

This was a great occasion, Mr. President, and I know that many of this body wish that they might have been present. One of our colleagues in particular, the distinguished junior Senator from Colorado, [Mr. CARROLL] had a special right to be proud that the national convention was held on his home ground.

Our colleague sent a telegram to President James G. Patton of the Na-

tional Farmers Union in connection with President Truman's appearance in Denver. I ask unanimous consent that the text of the Senator's telegram be printed at this point in my remarks, together with a message which I sent to the Farmers Union.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

MARCH 18, 1958.

PRESIDENT JAMES G. PATTON,  
National Farmers Union,  
Denver, Colo.:

I am honored to be permitted to join with you and my friends of the Farmers Union in expressing on this historic occasion our heartfelt gratitude and deep sincere thanks to a great American.

Much has been written about Harry Truman the President, the man of the people.

Less has been written about Harry Truman the scholar, the student of American history and American tradition.

Yet historians will conclude that Harry Truman the President is inseparable from Harry Truman the scholar. The scholar shaped the statesman.

It was Harry Truman's profound understanding of the Constitution and Bill of Rights that inspired his staunch advocacy of freedom in all its forms.

It was his deep sensitivity to the nature of the American democracy and human dignity that stimulated his passion for equality of opportunity regardless of race, religion, color, or station in life.

The long struggle between liberty and tyranny was intimately studied and comprehended by Mr. Truman. This knowledge was the root of his determination to unite free nations against aggression.

Mr. Truman's understanding of the Constitution's general welfare provision and its application to American progress and American family life guided his hand in the proper exercise of governmental leadership in economic and social progress.

Because Harry Truman was a scholar of the past he was able to master the present and prepare for the future.

Because as a scholar he was sensitive to the American heritage, he was able to act with confidence, with boldness, with vision. And it is a tribute to his wisdom that on no major issue affecting the security or economic stability of this Nation did Harry Truman make an unwise decision.

Harry Truman's era in the Presidency has become a symbol of triumph of the American democratic way of life for now and forever.

JOHN A. CARROLL,  
United States Senator.

MARCH 18, 1958.

JAMES PATTON,  
President, National Farmers Union,  
Denver, Colo.:

Greetings and good wishes to farmer-delegates gathered for the annual convention of the National Farmers Union. Your energetic and effective work in behalf of farm families is producing results in the Congress, as our great victory last week proves in making sure we hold the line until we can provide an improved farm program. Know you will hear an inspiring message from one of greatest friends farmers ever had in the White House, our former President Harry S. Truman. Your presentation of an award to President Truman for his distinguished service to agriculture is a deserved tribute, carrying with it the deep gratitude of thousands of farm families. They have found out once more what it is like to try and exist in the face of Republican neglect and unconcern in highest counsels of our Government. That never happened under Harry S. Truman. The only way you can keep it from happening in the future is to make

sure you have friends of agriculture in the White House.

HUBERT H. HUMPHREY.

Mr. HUMPHREY. President Truman delivered an effective, hard-hitting speech on farm policy. I ask unanimous consent that the text of that address, delivered on Tuesday, March 18, be printed at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY HARRY S. TRUMAN, FORMER PRESIDENT OF THE UNITED STATES, TO THE BIENNIAL CONVENTION OF THE NATIONAL FARMERS UNION, TUESDAY, MARCH 18, 1958, SHIRLEY-SAVOY HOTEL IN DENVER, COLO.

I am going to talk to you about agriculture and politics. And if you think those two things don't go together, you're decidedly off the beam.

Informed farmers have a saying to the effect that farm prices are made in Washington. That is just as right as can be. When you have an administration in Washington against the farmer, then the farmer is going to have a very bad time. On the other hand, when you have a friendly and sympathetic administration that works for the farmer's welfare, it is possible to improve the farm situation. We proved that conclusively during the 20 years from 1933 to 1953.

The equation in this business of agriculture and politics is just as simple as it can be. There are two major political parties in this country. One of them is the Republican Party, and it is bad for the farmers. The other is the Democratic Party, and the Democratic Party is the farmer's friend and his best hope for the future.

I stood on the platform at the Democratic Convention in Philadelphia in 1948 and said that any farmer who voted Republican ought to have his head examined. That was true in 1948, and it was true again in 1952 and 1956. It is still true and will be true again in 1960.

I think the farmers have finally found this out. I think they have learned their lesson. They said, "I like Ike." They voted for Ike and got Ezra. And after 5 years of Ezra Taft Benson there are very few American farmers who have not come to their political senses. I don't feel the least bit sorry for your present predicament. You brought it on yourselves, after I'd warned you.

But you ought not to blame Secretary Benson too much. After all, he is merely carrying out the policy of Eisenhower. Both of them are merely carrying out the policy of the Republican Party—the special interest people who really pull the strings in the Republican Party. If you want to know who they are, just take a look at a few figures. Farmers' prices have been going down, and consumer prices have been going up. The spread has been getting larger and larger, and the farmers' share of the consumer dollar has been getting smaller and smaller. Now the big question is who has been getting the difference. When you find the answer to that, you will have solved the mystery. Let's look at a few figures.

In 1952, the last year of the Democratic administration, the farmer got 47 cents out of every dollar spent by the consumer for food bought in retail stores. In 1957, the farmer got only 40 cents out of every retail dollar. That's 7 cents more that the processor and middleman took out of the food dollar, and 7 cents less for the farmer.

The consumer has not benefited by this. He paid 2 percent more for food in 1957 than he did in 1952. And the farmer has lost, too, not only in relation to the middleman, but absolutely. Farm prices went down 15½ percent from 1952 to 1957.

But if you turn to the profit figures of the food processors and manufacturers, you can





# S. 3420

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1958

Referred to the Committee on Agriculture

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## AN ACT

To extend and amend the Agricultural Trade Development and Assistance Act of 1954.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 103 (b) of the Agricultural Trade Develop-  
4       ment and Assistance Act of 1954, as amended (Public Law  
5       480, Eighty-third Congress) is amended to read as follows:  
6       “(b) Agreements shall not be entered into under this  
7       title during any fiscal year which will call for appropriations  
8       to reimburse the Commodity Credit Corporation, pursuant  
9       to subsection (a) of this section, in amounts in excess of  
10      \$1,500,000,000, plus any amount by which agreements  
11      entered into in prior fiscal years (beginning with the fiscal

1 year ending June 30, 1958) have called or will call for  
2 appropriations to reimburse the Commodity Credit Corpora-  
3 tion in amounts less than authorized for such prior fiscal  
4 years.”

5 SEC. 2. (a) Section 104 of such Act is amended by  
6 inserting before the period at the end of the first sentence of  
7 paragraph (h) thereof the following: “and for the financing  
8 of programs for the interchange of persons under title II of  
9 the United States Information and Educational Exchange  
10 Act of 1948, as amended (22 U. S. C. 1446) ”.

11 (b) Such section is further amended by adding after  
12 paragraph (j) the following new paragraph:

13 “(k) For providing assistance, by grant or otherwise,  
14 in the expansion or operation in foreign countries of estab-  
15 lished schools, colleges, or universities founded or sponsored  
16 by citizens of the United States, for the purpose of enabling  
17 such educational institutions to carry on programs of voca-  
18 tional, professional, scientific, technological, or general edu-  
19 cation; and in the supporting of workshops in American  
20 studies or American educational techniques, and supporting  
21 chairs in American studies.”

22 SEC. 3. Section 109 of such Act is amended by striking



1 out "June 30, 1958" and inserting in lieu thereof "June 30,  
2 1960".

3 SEC. 4. Section 204 of such Act is amended by striking  
4 out "June 30, 1958" and inserting in lieu thereof "June 30,  
5 1960".

6 SEC. 5. Section 206 (a) of the Agricultural Act of 1956  
7 is amended by inserting before the period at the end thereof  
8 a semicolon and the following: "but no strategic or critical  
9 material shall be acquired by the Commodity Credit Cor-  
10 poration as a result of such barter or exchange except for  
11 such national stockpile, for such supplemental stockpile, for  
12 foreign economic or military aid or assistance programs, or  
13 for offshore construction programs".

14 SEC. 6. In carrying out the provisions of the Agricul-  
15 tural Trade Development and Assistance Act of 1954, as  
16 amended, extra long staple cotton shall be made available  
17 for sale pursuant to the provisions of title I of the Act in  
18 the same manner as upland cotton or any other surplus  
19 agricultural commodity is made available, and products  
20 manufactured from upland or long-staple cotton shall be  
21 made available for sale pursuant to the provisions of title I  
22 of the Act as long as cotton is in surplus supply, and no

- 1 discriminatory or other conditions shall be imposed which
- 2 will prevent or tend to interfere with their sale or avail-
- 3 ability for sale under the Act.

Passed the Senate March 20 (legislative day, March 17), 1958.

Attest:

FELTON M. JOHNSTON,

*Secretary.*





85TH CONGRESS  
2d Session

S. 3420

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## AN ACT

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To extend and amend the Agricultural Trade  
Development and Assistance Act of 1954.

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MARCH 24, 1958

Referred to the Committee on Agriculture









June 16, 1958

14. TRANSPORTATION TAX. Sen. Smathers stated he would offer an amendment to the corporation and excise tax extension bill, to repeal the tax on the transportation of freight, and listed States which urged its repeal. p. 10320
15. RESEARCH. Sen. Morse inserted various articles from medical researchers protesting against articles he had inserted in the Congressional Record in 1957 from anti-vivisection groups, and discussing the value of certain animal experiments. pp. 10320-3
16. NATIONAL FLOWER. Sen. Humphrey inserted five resolutions urging that the corn tassel be designated the national flower. pp. 10293-4
17. VEGETABLES. Sens. Potter, Holland, and Sparkman extolled the virtues of Michigan apple vinegar, Florida grapefruit, and Alabama watercress, which are to be placed in a special Senate salad for luncheon Wed., June 18. pp. 10315-16
18. ELECTRIFICATION; RECLAMATION. Sen. Morse inserted a press release by James Marr, president of the National Hells Canyon Association, "making clear that the fight for the full development of the Columbia and Snake Rivers is far from over." p. 10326  
Sen. Morse inserted a resolution from citizens of Seattle, Wash., "who show great concern in regard to the Snake River project." p. 10324
19. FOREIGN AID. Sen. Morse inserted a letter from the Assoc. Director of the Quaker Program at the United Nations discussing provisions of the mutual security authorization bill, and urging support for a provision that the U. S. contribution to the U. N. technical assistance program be stabilized for several years at 40 percent of the total contributions. pp. 10327-328  
Sen. Morse spoke in support of increased U. S. contributions to the U. N. technical assistance program, and inserted a telegram favoring such support. pp. 10326-327
20. STATEHOOD. Sen. Stennis spoke in opposition to legislation authorizing statehood for Alaska, and favored "a substitute bill to grant a higher degree of self-government with Territorial status." p. 10329
21. FOREIGN TRADE. Sen. Humphrey inserted several articles discussing the "growing economic offensive of the Soviet Union." pp. 10336-343
22. 4-H CLUBS. Sen. Kefauver paid tribute to the work of the 4-H Clubs. p. 10351
23. ECONOMIC CONDITIONS. Sen. Martin, Pa., discussed current economic conditions, and opposed increased Federal spending as a remedy for the situation. pp. 10398-399

#### ITEMS IN APPENDIX

24. FOREIGN AID. Extension of remarks of Sen. Johnson inserting an editorial describing effects of the mutual security program on the State of Texas. p. A5501
25. DAIRY INDUSTRY. Extension of remarks of Sen. Wiley commending the dairy organizations for their "outstanding contributions" in making June Dairy Month a success. pp. A5501-2



Sen. Wiley inserted 2 articles citing new research projects approved by the American Dairy Ass'n. p. A5508

Rep. Van Pelt inserted an editorial portraying the importance of the dairy industry in Wis. p. A5551

26. EDUCATION. Sen. Thurmond commended and inserted Asst. Secretary Peterson's Clemson College S. C., commencement address on the subject of education in a free society. pp. A5502-4
27. TEXTILES. Sen. Sparkman inserted a letter discussing some of the problems facing the textile industry in Ala. p. A5510
28. LANDS. Extension of remarks of Sen. Bennett inserting an article, "Do the Armed Forces Need a 35-Million-Acre Empire?" and stating that to some extent, the problem of military land withdrawals may be solved by a recently approved law limiting executive withdrawals of land without congressional approval to 5,000 acres. pp. A5511-2
29. COTTON. Sen. Talmadge inserted an editorial urging approval of his proposed bill to freeze cotton acreage allotments at 1956 levels. pp. A5513-4
30. FEED GRAINS. Rep. Poage inserted a questions and answers statement explaining the feed grains section of the comprehensive farm bill, and stating that "we hope it will result in a better understanding of the detailed operations of this portion of the bill." pp. A5555-7

#### BILLS INTRODUCED

31. FARM PROGRAM. H. R. 12954, as introduced June 16 following study by the Agriculture Committee, would be "The Agricultural Act of 1958." It includes provisions as follows:

Extends the Agricultural Trade Development and Assistance Act for 1 year; increases the amount by \$1½ billion; directs an expanded barter program; and authorizes use of Public Law 480 foreign currencies for sites and buildings abroad, trade fair participation and related activities, translation (and related activities) of foreign scientific publications, the educational exchange program, and operation of American colleges and other schools in foreign countries. Provides that any provision of Public Law 480 or of Sec. 32 of the act of 1935 may be extended by the President to any area under U. S. control. Provides for rice price supports at 75% to 90% of parity for 1959, 1960, and 1961, and continues allotments at the 1958 level for those years. Permits farmers to vote on alternative provisions for cotton price supports. Continues the National Wool Act of 1954 from March 31, 1959, until March 31, 1962. Provides for a two-price wheat system. Provides for a self-help dairy program. Continues the special school milk program, and the programs for donation of dairy products to the armed services and veterans' hospitals for 3 additional years, and extends the donation program to the U.S. Merchant Marine Academy. Strikes out the provision that price supports be fixed at a level "necessary in order to assure an adequate supply." Suspends corn allotments for 1959, 1960, and 1961, and provides for farmers to vote on a new feed grains program. Provides for acreage allotments, for land acquired under eminent domain, to be placed in a pool for providing allotments to displaced farmers. Authorizes inclusion, in terms and conditions of any nonrecourse commodity loan, of a provision whereby, upon maturity, CCC may acquire title without obligation to pay for any market value in excess of the indebtedness.



85TH CONGRESS  
2D SESSION

# H. R. 12954

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IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1958

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To extend and amend the Agricultural Trade Development and Assistance Act of 1954; to amend the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the National Wool Act of 1954 with respect to acreage allotment and price support programs for rice, cotton, wool, wheat, milk, and feed grains; and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as "The Agricultural Act of  
4       1958".

### 5                   TITLE I—FOREIGN TRADE

6       SEC. 101. The Agricultural Trade Development and  
7       Assistance Act of 1954, as amended, is amended as follows:

8       (a) Sections 109 and 204 of such Act are amended

1 by striking out "1958" and substituting in lieu thereof  
2 "1959".

3 (b) Section 103 (b) of such Act is amended by  
4 striking out "\$4,000,000,000" and inserting in lieu thereof  
5 "\$5,500,000,000".

6 SEC. 102. Section 303 of the Agricultural Trade Devel-  
7 opment and Assistance Act of 1954 is amended to read as  
8 follows:

9 "SEC. 303. The Secretary is directed, to the maximum  
10 extent practicable within the limit permitted by this section,  
11 to barter or exchange agricultural commodities owned by the  
12 Commodity Credit Corporation for (a) strategic materials  
13 or other materials of which the United States does not  
14 domestically produce its requirements and which entail less  
15 risk of loss through deterioration or substantially less storage  
16 charges, or (b) materials, goods, or equipment required in  
17 connection with foreign economic and military aid and assist-  
18 ance programs, or (c) materials or equipment required in  
19 substantial quantities for offshore construction programs.  
20 He is hereby directed to use every practicable means, in  
21 cooperation with other Government agencies, to arrange  
22 and make, through private channels, such barters or ex-  
23 changes or to utilize the authority conferred on him by sec-  
24 tion 4 (h) of the Commodity Credit Corporation Charter



1 Act, as amended, to make such barter or exchanges: *Pro-*  
2 *vided*, That the total volume of the transactions directed by  
3 this section shall not exceed \$500,000,000 annually, unless  
4 specifically authorized by the Congress. In carrying out  
5 barter or exchanges authorized by this section, no restric-  
6 tions shall be placed on the countries of the free world into  
7 which surplus agricultural commodities may be sold, except  
8 where the Secretary has made a specific finding as to a  
9 particular transaction that such transaction will replace a  
10 cash sale for dollars. The authorities contained in this sec-  
11 tion shall, in addition to other types of transactions, permit  
12 the domestic processing of raw materials of foreign origin  
13 or of domestic origin where the domestic processor agrees  
14 to import an equivalent amount of similar foreign material.  
15 Agencies of the United States Government procuring such  
16 materials, goods, or equipment are hereby directed to cooper-  
17 ate with the Secretary in the disposal of surplus agricultural  
18 commodities by means of barter or exchange. The Secretary  
19 is also directed to assist, through such means as are available  
20 to him, farmers' cooperatives in effecting exchange of agri-  
21 cultural commodities in their possession for strategic  
22 materials."

23 SEC. 103. Section 104 of the Agricultural Trade De-  
24 velopment and Assistance Act of 1954, as amended, is

1 amended by substituting a semicolon for the period at the  
2 end of paragraph (j) and adding the following new para-  
3 graph:

4 “(k) For the acquisition by purchase, lease, rental or  
5 otherwise, of sites and buildings and grounds abroad, for  
6 United States Government use including offices, residence  
7 quarters, community and other facilities, and for construc-  
8 tion, repair, alteration and furnishing of such buildings and  
9 facilities: *Provided*, That foreign currencies shall be available  
10 for the purposes of this subsection (in addition to funds other-  
11 wise made available for such purposes) in such amounts as  
12 may be specified from time to time in appropriation acts;”.

13 SEC. 104. Section 104 of such Act is amended by adding  
14 thereto the following new paragraph:

15 “(l) For financing trade fair participation and related  
16 activities authorized by section 3 of the International Cultural  
17 Exchange and Trade Fair Participation Act of 1956 (22  
18 U. S. C. 1992) ;”.

19 SEC. 105. Section 104 of such Act is amended by add-  
20 ing the following new paragraph:

21 “(m) For financing under the direction of the Librar-  
22 ian of Congress, in consultation with the National Science  
23 Foundation and other interested agencies, (1) programs  
24 outside the United States for the analysis and evaluation  
25 of foreign books, periodicals, and other materials to deter-



1 mine whether they would provide information of technical  
2 or scientific significance in the United States and whether  
3 such books, periodicals, and other materials are of cultural  
4 or educational significance; (2) the registry, indexing, bind-  
5 ing, reproduction, cataloging, abstracting, translating, and  
6 dissemination of books, periodicals, and related materials de-  
7 termined to have such significance; and (3) the acquisition  
8 of such books, periodicals, and other materials and the de-  
9 posit thereof in libraries and research centers in the United  
10 States specializing in the areas to which they relate;”.

11 SEC. 106. Such Act is amended by adding thereto the  
12 following new section:

13 “SEC. 306. Any provision of this Act or of section 32  
14 of the Act of August 24, 1935, as amended (7 U. S. C.  
15 612c), may be extended by the President to any area under  
16 the jurisdiction or administration of the United States.”

17 SEC. 107. Section 104 of such Act is amended by in-  
18 serting in the first proviso after the lettered paragraphs  
19 thereof, after “(d) and (e)”, in lieu of the word “and”,  
20 the following: “except when used for cooperative non-self-  
21 liquidating projects for the development of human resources  
22 and skills;”

23 SEC. 108. (a) Section 104 of such Act is amended by  
24 inserting before the period at the end of the first sentence of  
25 paragraph (h) thereof the following: “and for the financing

1 of programs for the interchange of persons under title II of  
2 the United States Information and Educational Exchange  
3 Act of 1948, as amended (22 U. S. C. 1446) ”.

4 (b) Such section is further amended by adding the  
5 following new paragraph:

6 “(n) For providing assistance, by grant or otherwise,  
7 in the expansion or operation in foreign countries of estab-  
8 lished schools, colleges, or universities founded or sponsored  
9 by citizens of the United States, for the purpose of enabling  
10 such educational institutions to carry on programs of voca-  
11 tional, professional, scientific, technological, or general edu-  
12 cation; and in the supporting of workshops in American  
13 studies or American educational techniques, and supporting  
14 chairs in American studies:”.

## 15 TITLE II—RICE

16 SEC. 201. Section 101 (d) of the Agricultural Act of  
17 1949, as amended, is amended by adding at the end thereof  
18 the following:

19 “(8) For the 1959, 1960, and 1961 crops, the level  
20 of support for any crop of rice for which producers have not  
21 disapproved marketing quotas shall be such level not less  
22 than 75 per centum or more than 90 per centum of the  
23 parity price therefor as the Secretary determines after con-  
24 sideration of the factors specified in section 401 (b).”

25 SEC. 202. Section 353 (c) of the Agricultural Adjust-



1 ment Act of 1938, as amended, is amended by adding at  
2 the end thereof the following:

3 “(7) The national acreage allotments of rice for 1959,  
4 1960, and 1961 shall be not less than the national acreage  
5 allotment for 1958, and such national allotments for 1959,  
6 1960, and 1961 shall be apportioned among the States in  
7 the same proportion that they shared in the total acreage  
8 allotted in 1958.”

9 TITLE III—COTTON

10 1959-61 PRICE SUPPORTS AND ACREAGE ALLOTMENTS

11 SEC. 301. For the 1959, 1960, and 1961 crops, pro-  
12 duction adjustment and price support programs for upland  
13 cotton (hereinafter referred to as “cotton”) shall be carried  
14 out in accordance with the provisions of the Agricultural  
15 Adjustment Act of 1938, as amended, and the Agricultural  
16 Act of 1949, as amended, except that—

17 (1) the national marketing quota, which shall be  
18 proclaimed for each year regardless of the supply find-  
19 ings under section 342 of the Agricultural Adjustment  
20 Act of 1938, as amended, shall be not less than that  
21 number of bales necessary to equal the estimated domes-  
22 tic consumption and exports for the marketing year for  
23 which the quota is proclaimed;

24 (2) the Secretary shall provide for the county  
25 committee to offer the operator of each farm for which

1       a 1959 cotton acreage allotment has been established a  
2       choice between two price support and acreage allot-  
3       ment programs for 1959 as hereinafter described: (a)  
4       under "program A" the farm acreage allotment shall  
5       be the allotment established for the farm pursuant to  
6       the provisions of the Agricultural Adjustment Act of  
7       1938, as amended, and this Act, and the level of price  
8       support for cooperators shall be established by the  
9       Secretary without regard to section 101 (b) of the  
10      Agricultural Act of 1949, as amended, at not less than  
11      the level calculated by using the same per centum of the  
12      parity price of cotton as that which was applicable  
13      to the 1958 crop of cotton; (b) under "program B" the  
14      farm acreage allotment so established shall be increased  
15      by not to exceed  $33\frac{1}{3}$  per centum, and the level of price  
16      support for cooperators shall be set at such level not  
17      less than 60 per centum of the parity price for cotton,  
18      as the Secretary shall determine;

19           (3) the provisions of paragraph (2) shall be ap-  
20      plicable to the 1960 and 1961 crops of cotton except  
21      that the level of price support under "program A" shall  
22      be established by the Secretary without regard to  
23      section 101 (b) of the Agricultural Act of 1949, as  
24      amended, at not less than 80 per centum of parity for



1 the 1960 crop and not less than 75 per centum of parity  
2 of the 1961 crop;

3 (4) the additional acreage required to be allotted  
4 to farms under "program B" for any year shall be in ad-  
5 dition to the county, State, and National acreage allot-  
6 ments for such year and the production from such acre-  
7 age shall be in addition to the national marketing quota.  
8 The additional acreage so allotted to farms shall not be  
9 taken into account in establishing future State, county,  
10 and farm acreage allotments;

11 (5) price support to cooperators under "program  
12 A" shall be made available through a purchase program  
13 and cotton so purchased by the Commodity Credit Cor-  
14 poration, as well as any other cotton acquired by the  
15 Commodity Credit Corporation under price-support  
16 operations, may be made available for sale immediately  
17 after receipt at not less than 10 per centum above the  
18 current support price under "program B", plus reason-  
19 able carrying charges: *Provided*, That any cotton ac-  
20 quired by the Commodity Credit Corporation under any  
21 price support program may be used for the purpose of  
22 carrying out the cotton export program provided for in  
23 section 203 of the Agricultural Act of 1956.

## SMALL FARM ALLOTMENTS

2 SEC. 302. The amendments contained in subsections (a),  
3 (c), and (d) of section 303 of the Agricultural Act of 1956  
4 relating to minimum farm acreage allotments shall apply  
5 to the 1959, 1960, and 1961 crops of cotton, except that—

(1) the national acreage reserve shall be established by the Secretary in an amount equal to the estimated needs for additional acreage for establishing minimum farm allotments under section 344 (f) (1). The needs for such additional acreage shall be estimated by the Secretary, taking into consideration such needs as established by the Secretary in connection with the 1957 and 1958 cotton allotments and the size of the national acreage allotments for such years. The national acreage reserve shall be apportioned to States and counties on the basis of the proviso in paragraph (7) of section 344 (f).

18           (2) the amount of the national acreage reserve es-  
19       tablished pursuant to paragraph (1) of this section and  
20       the additional one thousand acres for apportionment to  
21       Nevada shall be deducted from the national acreage al-  
22       lotment prior to its apportionment to the States pursuant  
23       to section 344 (b).



## 1                    LOANS ON SPOTTED COTTON

2            SEC. 303. Section 403 of the Agricultural Act of 1949,  
3 as amended, is amended by adding at the end thereof the  
4 following sentence: "In adjusting the support price for  
5 cotton on the basis of grade, the Secretary shall establish  
6 separate price support rates substantially reflecting the usual  
7 trade differentials for spotted cotton and for light spotted  
8 cotton".

## 9            APPORTIONMENT ON BASIS OF PREVIOUS ALLOTMENT

10          SEC. 304. Section 344 (f) of the Agricultural Adjust-  
11 ment Act of 1938, as amended, is amended by adding at  
12 the end thereof the following new paragraph:

13          "(7) Notwithstanding the foregoing provisions of para-  
14 graphs (2) and (6) of this subsection, the Secretary may,  
15 if he determines that such action will facilitate the effective  
16 administration of the provisions of the Act, provide for  
17 the county acreage allotment for 1959, 1960, and 1961,  
18 less the acreage reserved under paragraph (3) of this  
19 subsection, to be apportioned to farms on which cotton has  
20 been planted in any one of the three years immediately  
21 preceding the year for which such allotment is determined,  
22 on the basis of the farm acreage allotment for the year  
23 immediately preceding the year for which such apportion-

1 ment is made, adjusted as may be necessary for any change  
2 in the acreage of cropland available for the production  
3 of cotton: *Provided*, That the State and county bases for  
4 apportioning the acreage reserve provided for in sub-  
5 section (b) of this section for establishing minimum farm  
6 allotments pursuant to paragraph (1) of this subsection  
7 shall be the same as those determined by the Secretary in  
8 apportioning such reserves in establishing 1958 farm cotton  
9 acreage allotments.”

#### 10 TITLE IV—WOOL

11 SEC. 401. Section 703 of the National Wool Act of  
12 1954 (68 Stat. 910) is amended by striking out “March 31,  
13 1959” and inserting in lieu thereof “March 31, 1962”.

14 SEC. 402. The first proviso in section 704 of such Act  
15 (68 Stat. 911) is amended by striking out “specific” the  
16 first time it appears therein, and by striking out “(whether  
17 or not such specific duties are parts of compound rates)”.

18 SEC. 403. The proviso in section 705 of such Act (68  
19 Stat. 911) is amended by striking out “specific” the first  
20 time it appears therein, and by striking out “(whether or not  
21 such specific duties are parts of compound rates)”.

#### 22 TITLE V—WHEAT

23 SEC. 501. Title III of the Agricultural Adjustment Act  
24 of 1938, as amended, is amended (1) by designating sub-



1 titles D and E as subtitles E and F, respectively, and (2)  
2 by inserting after subtitle C a new subtitle D as follows:

3 "SUBTITLE D—DOMESTIC PARITY PLAN FOR WHEAT

4 "LEGISLATIVE FINDINGS

5 "SEC. 379a. Wheat, in addition to being a basic food,  
6 is one of the great export crops of American agriculture and  
7 its production for domestic consumption and for export is  
8 essential to the maintenance of a sound national economy and  
9 to the general welfare. The movement of wheat from pro-  
10 ducer to consumer, in the form of the commodity or any of  
11 the products thereof, is preponderantly in interstate and for-  
12 eign commerce. That small percentage of wheat which is  
13 produced and consumed within the confines of any State is  
14 normally commingled with, and always bears a close and  
15 intimate commercial and competitive relationship to, that  
16 quantity of such commodity which moves in interstate and  
17 foreign commerce. For this reason, any regulation of intra-  
18 state commerce in wheat is a regulation of commerce which  
19 is in competition with, or which otherwise affects, obstructs,  
20 or burdens interstate commerce in that commodity. In  
21 order to provide an adequate and balanced flow of wheat  
22 in interstate and foreign commerce and thereby assist farm-  
23 ers in obtaining parity of income by marketing wheat for  
24 domestic consumption at parity prices and by increased ex-

1 ports at world prices, and to assure consumers an adequate  
2 and steady supply of wheat at fair prices, it is necessary to  
3 regulate all commerce in wheat in the manner provided  
4 under the marketing certificate plan set forth in this subtitle.

5 "DOMESTIC FOOD QUOTA

6 "SEC. 379b. Not later than May 15 of each calendar  
7 year the Secretary shall determine and proclaim the domestic  
8 food quota for wheat for the marketing year beginning in  
9 the next calendar year. Such domestic food quota shall  
10 be that number of bushels of wheat which the Secretary  
11 determines will be consumed as human food in the con-  
12 tinental United States during such marketing year.

13 "APPORTIONMENT OF DOMESTIC FOOD QUOTA

14 "SEC. 379c. (a) The domestic food quota for wheat,  
15 less a reserve of not to exceed 1 per centum thereof for ap-  
16 portionment as provided in this subsection, shall be ap-  
17 portioned by the Secretary among the several States on the  
18 basis of the State acreage allotment of wheat for the year  
19 for which the domestic food quota is determined multiplied  
20 by the average yield per acre of wheat for the State during  
21 such ten-year period, adjusted for abnormal weather con-  
22 ditions and for trends in yields. The reserve quota set aside  
23 herein for apportionment by the Secretary shall be used to  
24 establish quotas for counties, in addition to the county quotas  
25 established under subsection (b) of this section, on the basis



1 of the relative needs of counties for additional quota because  
2 of reclamation and other new areas coming into the produc-  
3 tion of wheat during the five calendar years immediately  
4 preceding the calendar year in which the quota is pro-  
5 claimed.

6 “(b) The State domestic food quota for wheat, less  
7 a reserve of not to exceed 3 per centum thereof for appor-  
8 tionment as provided in subsection (c), shall be apportioned  
9 by the Secretary among the counties in the State on the  
10 basis of the county acreage allotment of wheat for the year  
11 for which such State quota is determined multiplied by the  
12 normal yield of wheat for the county for such year.

13 “(c) The county domestic food quota for wheat shall  
14 be apportioned by the Secretary, through the local commit-  
15 tees, among the farms within the county on which wheat  
16 has been seeded for the production of wheat during any one  
17 or more of the three calendar years immediately preceding  
18 the calendar year in which the marketing year for which  
19 the quota is proclaimed begins, on the basis of the farm acre-  
20 age allotment for the year for which the quota is proclaimed  
21 multiplied by the farm normal yield of wheat for such year.  
22 The reserve provided under subsection (b) shall be appor-  
23 tioned to farms for which new wheat acreage allotments  
24 are determined under the second sentence of section 334 (c)  
25 of this Act, as amended, on the basis of the farm acre-

1 age allotment for such year multiplied by the farm normal  
2 yield of wheat for such year.

3 "MARKETING CERTIFICATES

4 "SEC. 379d. (a) Beginning with the first crop of wheat  
5 for which a marketing certificate program is placed in effect  
6 under section 379j, the Secretary shall prepare for issuance  
7 in each county marketing certificates aggregating the amount  
8 of the county domestic food quota. Such certificates shall be  
9 issued to cooperators in an amount equal to the domestic  
10 food quota established for the farm pursuant to the applicable  
11 provisions of section 379c of this Act. The marketing certifi-  
12 cates for a farm shall be issued to the farm operator, but the  
13 Secretary may authorize the issuance of marketing certifi-  
14 cates to individual producers on any farm on the basis of  
15 their respective shares in the wheat crop, or the proceeds  
16 thereof, produced on the farm. The Secretary shall also  
17 issue and sell marketing certificates to processors and im-  
18 porters in such quantities as are required by them in order  
19 to meet the requirements of subsections (a) and (b) of  
20 section 379e. Marketing certificates shall be transferable  
21 only in accordance with regulations issued by the Secretary.

22 "(b) Whenever a domestic food quota is proclaimed  
23 for any marketing year pursuant to section 379b of this  
24 Act, the Secretary shall determine and proclaim for such  
25 marketing year (1) the estimated parity price, (2) the



1 estimated farm price for wheat, and (3) the value per bushel  
2 of the marketing certificate. The value of the marketing  
3 certificate shall be equal to the amount by which the esti-  
4 mated parity price exceeds the estimated farm price as  
5 determined herein. The value of each marketing certificate  
6 shall be computed to the nearest cent by multiplying the  
7 value per bushel by the number of bushels thereof. Except  
8 as otherwise provided herein, the value of the certificate  
9 so determined shall remain constant and shall remain in  
10 effect throughout the marketing year for which it is issued.  
11 The proclamation required by this subsection shall be made  
12 during the month of May immediately preceding the market-  
13 ing year for which such domestic food quota is proclaimed.

14 “(c) The Secretary is authorized and directed through  
15 the Commodity Credit Corporation to buy and sell marketing  
16 certificates issued for any marketing year at the value pro-  
17 claimed pursuant to subsection (b) of this section. For the  
18 purpose of facilitating the purchase and sale of certificates,  
19 the Secretary may establish and operate a pool or pools and  
20 he may also authorize public and private agencies to act  
21 as his agents, either directly or through the pool or pools.  
22 Certificates shall be valid to cover sales and importations of  
23 products made during the marketing year with respect to  
24 which they are issued and after being once used to cover

1 such sales and importations shall be canceled by the Secre-  
2 tary. Any unused certificates shall be redeemed by the  
3 Secretary at the price established for such certificates.

4 "MARKETING RESTRICTIONS

5 "SEC. 379e. (a) Beginning with the first day of the  
6 marketing year in which the first crop of wheat for which  
7 a marketing certificate program is placed in effect under  
8 section 379j would normally be marketed, and except as  
9 provided in subsection (d) hereof, all persons engaged in  
10 the processing of wheat into food products composed wholly  
11 or partly of wheat are hereby prohibited from marketing  
12 any such product for domestic food consumption or export  
13 containing wheat in excess of the quantity for which market-  
14 ing certificates issued pursuant to section 379d of this Act  
15 have been acquired by such person. The quantity of such  
16 marketing certificates acquired shall be equivalent to the  
17 number of bushels of wheat processed into food products.

18 "(b) Beginning with the first day of the marketing  
19 year in which the first crop of wheat for which a marketing  
20 certificate program is placed in effect under section 379j  
21 would normally be marketed and except as provided in  
22 subsection (d) hereof, all persons are hereby prohibited  
23 from importing or bringing into the continental United States  
24 any food products containing wheat in excess of the quantity



1 for which marketing certificates issued pursuant to section  
2 379d of this Act have been acquired by such person.

3 “(c) Upon the exportation from the continental United  
4 States of any food product containing wheat, with respect  
5 to which marketing certificates as required herein have been  
6 acquired, the Secretary shall pay to the exporter an amount  
7 equal to the value of the certificates for the quantity of  
8 wheat so exported in the food product. For the purposes  
9 of this subsection, the consignor named in the bill of lad-  
10 ing, under which the article is exported, shall be considered  
11 the exporter: *Provided, however,* That any other person  
12 may be considered to be the exporter if the consignor named  
13 in the bill of lading waives claim in favor of such other  
14 person.

15 “(d) Upon the giving of a bond satisfactory to the Sec-  
16 retary under such rules and regulations as he shall prescribe  
17 to secure the purchase of and payment for such marketing  
18 certificates as may be required, any person required to have  
19 a marketing certificate in order to market or import a food  
20 product composed wholly or partly of wheat may market or  
21 import any such commodity without having first acquired a  
22 marketing certificate.

23 “(e) As used in this section, (1) the term ‘marketing’  
24 means the sale and the delivery of the food product composed

1 wholly or partly of wheat, and (2) the term "food" means  
2 human food.

3 "CONVERSION FACTORS

4 "SEC. 379f. The Secretary shall ascertain and establish  
5 conversion factors showing the amount of wheat contained  
6 in food products processed wholly or partly from wheat.  
7 The conversion factor for any such product shall be deter-  
8 mined upon the basis of the weight of wheat used in the  
9 processing of such product.

10 "CIVIL PENALTIES

11 "SEC. 379g. Any person who violates or attempts  
12 to violate, or who participates or aids in the violation of,  
13 any of the provisions of subsection (a) or (b) of section  
14 379e of this Act shall forfeit to the United States a sum  
15 equal to three times the market value, at the time of the  
16 commission of such act, of the product involved in such  
17 violation. Such forfeiture shall be recoverable in a civil  
18 suit brought in the name of the United States.

19 "ADJUSTMENTS IN DOMESTIC FOOD QUOTAS

20 "SEC. 379h. If the Secretary has reason to believe that  
21 because of a national emergency or because of an unusual  
22 and material increase in demand for wheat, the domestic  
23 food quota for wheat should be increased or suspended, he  
24 shall cause an immediate investigation to be made to deter-  
25 mine whether the increase or suspension is necessary in order



1 to meet such emergency or increase in the demand for wheat.  
2 If, on the basis of such investigation, the Secretary finds that  
3 such increase or suspension is necessary, he shall immedi-  
4 ately proclaim such finding (and if he finds an increase is  
5 necessary, the amount of the increase found by him to be  
6 necessary) and thereupon such quotas shall be increased or  
7 shall be suspended, as the case may be. In case any  
8 domestic food quota for wheat is increased under this section,  
9 each farm quota for wheat shall be increased in the same  
10 ratio and marketing certificates shall be issued therefor in  
11 accordance with section 379d of this Act. In case any  
12 domestic food quota for wheat is increased or suspended  
13 under this section, the Secretary may redetermine the value  
14 of marketing certificates prior to the issuance of such certifi-  
15 cates pursuant to section 379d of this Act.

16 "REPORTS AND RECORDS

17 "SEC. 379i. (a) The provisions of section 373 (a) of  
18 this Act shall apply to all persons, except wheat producers,  
19 who are subject to the provisions of this subtitle, except that  
20 any such person failing to make any report or keep any rec-  
21 ord as required by this section or making any false report or  
22 record shall be deemed guilty of a misdemeanor and upon  
23 conviction thereof shall be subject to a fine of not more  
24 than \$2,000 for each such violation.

25 "(b) The provisions of section 373 (b) of the Act shall

1 apply to all wheat farmers who are subject to the provisions  
2 of this subtitle.

3 "REFERENDUM

4 "SEC. 379j. In any referendum held pursuant to section  
5 336 of this Act on the national marketing quota proclaimed  
6 for the 1959, 1960, or 1961 crops of wheat, the Secretary  
7 shall also submit on separate ballots the question whether  
8 farmers favor a marketing certificate program under this  
9 subtitle in lieu of marketing quotas under subtitle B. If  
10 more than one-half of the farmers voting in the referendum  
11 favor such marketing certificate program, the Secretary shall,  
12 prior to the effective date of the national marketing quota  
13 proclaimed under subtitle B, suspend the operation of such  
14 quota and place into effect a marketing certificate program  
15 for that crop and any subsequent wheat crops harvested in  
16 the years 1959, 1960, and 1961 under the provisions of this  
17 subtitle, in which event marketing quotas and the provisions  
18 of title II of this Act relating thereto, except as otherwise  
19 provided in this section, shall not thereafter be in effect for  
20 such crops of wheat: *Provided*, That, whenever a marketing  
21 certificate program is in effect, the wheat marketing quota  
22 provisions and penalties shall remain in effect with respect  
23 to prior crops of wheat in the same manner as if marketing  
24 quotas were in effect for the current crop of wheat, and the



1 Secretary may, by regulation, prescribe the method for col-  
2 lecting penalties on any such wheat.

3 "PRICE SUPPORT

4 "SEC. 379k. Notwithstanding any other provision of  
5 law—

6 "(a) whenever a wheat marketing certificate pro-  
7 gram under this subtitle is in effect, price support for  
8 wheat shall be determined in accordance with the  
9 provisions of subsection (b) of this section;

10 "(b) the Secretary of Agriculture is authorized to  
11 make available through loans, purchases, or other opera-  
12 tions, price support to producers of wheat who are co-  
13 operators. The amount, terms, conditions, and extent  
14 of such price-support operations shall be determined by  
15 the Secretary, except that the level of such support  
16 shall be determined after taking into consideration the  
17 following factors: (1) the supply of the commodity in  
18 relation to the demand therefor, (2) the price levels  
19 at which corn and other feed grains are being supported  
20 and the feed value of such grains in relation to wheat,  
21 (3) the provisions of any international agreement  
22 approved by the Congress or ratified by the Senate  
23 relating to wheat to which the United States is a party,  
24 (4) foreign trade policies of friendly wheat exporting

1 countries, and (5) other factors affecting international  
2 trade in wheat including exchange rates and currency  
3 regulations;

4 “(c) compliance by the producer with acreage  
5 allotments may be prescribed and required by the Secre-  
6 tary as a condition of eligibility for price support and  
7 for the receipt of wheat marketing certificates. Acreage  
8 allotments shall be established in accordance with the  
9 provisions of subtitle B, part III of this Act;

10 “(d) notwithstanding any other provision of law,  
11 no producer of wheat shall receive certificates for a num-  
12 ber of bushels in excess of the number obtained by  
13 multiplying the acreage actually planted to wheat for  
14 harvest as grain by the normal yield;

15 “(e) any farmer who is dissatisfied with his farm  
16 acreage allotment may have such acreage allotment  
17 reviewed in accordance with the procedures prescribed  
18 by sections 363 to 368, inclusive, for reviewing market-  
19 ing quotas.”

20 TITLE VI—MILK

21 SEC. 601. Section 201 of the Agricultural Act of 1949,  
22 as amended, is amended by adding at the end thereof the  
23 following:

24 “(d) Notwithstanding any other provision of law, the  
25 Secretary shall, through the Commodity Credit Corporation,



1 by means of payments, support the price to producers of  
2 milk and butterfat used in manufactured dairy products at  
3 not less than 90 per centum of the parity equivalent  
4 price during the marketing years ending March 31, 1960,  
5 March 31, 1961, and March 31, 1962: *Provided*, That  
6 the Secretary may reduce the level of price support  
7 for any such marketing year by 3 per centum of the  
8 parity equivalent price for each 1 per centum of mar-  
9 keting base by which the Federal Dairy Board estab-  
10 lishes marketing quotas for such marketing year above  
11 the lowest quota authorized by subparagraph (3) (A)  
12 hereof: *Provided further*, That the total amount of pay-  
13 ments to producers for any marketing year shall not  
14 exceed an amount equivalent to the total amount of com-  
15 pliance deposits forfeited by producers in the same marketing  
16 year.

17 “(1) Not later than March 1 of each calendar year,  
18 the Federal Dairy Board (hereinafter referred to as the  
19 “Board”) shall estimate and determine for the marketing  
20 year starting in that calendar year the average market price  
21 of milk used in manufactured dairy products which would  
22 be received by farmers in the absence of any Federal price-  
23 support operations. If the Board determines that such price  
24 will be less than 90 per centum of the probable parity

1 equivalent price therefor, it may establish as a condition of  
2 eligibility for price-support payments for such marketing  
3 year a requirement that producers comply with such market-  
4 ing quotas as may be established for each individual dairy  
5 farm.

6       “(2) The Secretary shall establish a base for each pro-  
7 ducer desiring to market milk or butterfat. Bases shall be  
8 assigned to producers, including partnerships, corporations,  
9 or other business entities, and not to herds or farms. The  
10 Secretary shall provide by rules or regulations for the trans-  
11 fer of bases in whole or in part, for the assignment of bases  
12 to new producers, for the equitable adjustment of bases to  
13 avoid hardship, for such other adjustments consistent with  
14 the objectives of this Act as he deems appropriate, including  
15 adjustments for deficit production areas, and for such other  
16 matters as may be necessary or appropriate to set up and  
17 operate effectively and efficiently the program herein au-  
18 thorized. In establishing such bases the Secretary shall  
19 take into consideration historical production, trends, abnor-  
20 mal production during the historical period, and such other  
21 factors as may be appropriate to establish such bases in an  
22 equitable and practical manner. Bases established by the  
23 Secretary shall continue in effect from year to year, but  
24 such bases shall be subject to modification and adjustments  
25 from time to time.



1       “(3) When marketing quotas are required under pro-  
2 visions of paragraph (1) above the marketing quota for  
3 each farm may be calculated by deducting not to exceed  
4 2 per centum from the farm marketing base for each 5 per  
5 centum by which the Board estimates that the average mar-  
6 ket price of milk used in manufactured dairy products would  
7 be below 90 per centum of the parity equivalent price, in  
8 the absence of any Federal price support operations.

9       (4) When marketing quotas are required, compliance  
10 deposits of not less than 25 cents nor more than 50 cents  
11 per hundredweight of milk, as determined by the Board to  
12 be the amount required to encourage compliance with  
13 marketing quotas, shall be withheld from and shall be col-  
14 lected from each producer who sells milk, butterfat, or dairy  
15 products. Every person purchasing milk, butterfat, or dairy  
16 products from a producer (except purchases by consumers  
17 for other than commercial uses) shall withhold from the  
18 purchase price an amount equal to the compliance deposit  
19 and shall remit the same to the Commissioner of Internal  
20 Revenue. For the purposes of this section, milk, butterfat,  
21 or dairy products delivered by a producer to a cooperative  
22 association of producers shall be subject to the withholding  
23 of the deposit upon such delivery. Returns shall be filed  
24 and remittances made monthly by such purchasers in accord-  
25 ance with rules prescribed by the Commissioner. The Com-

1   missioner of Internal Revenue shall collect the compliance  
2   deposits provided for herein and shall prescribe such rules  
3   and regulations as may be necessary to accomplish that  
4   purpose. Compliance deposits collected shall be credited  
5   to a special account of the Secretary Agriculture to make  
6   refunds to milk producers who comply with marketing  
7   quotas as provided herein. The Secretary of Agriculture,  
8   annually prior to July 1 following the close of the immedi-  
9   ately preceding marketing year, shall issue drafts on such  
10   special account to refund to each producer who complies with  
11   his marketing quota the entire amount of the compliance  
12   deposit withheld from such producer. The Secretary shall  
13   release to the Treasurer of the United States the total of  
14   compliance deposits of each producer who exceeded his  
15   marketing quota.

16       “(5) A price-support deficiency payment shall be paid  
17   on all sales of milk and butterfat for manufacturing to each  
18   individual producer who complies with his marketing quota  
19   and shall be such as, within the limitations of the second  
20   proviso of the first sentence hereof, the Secretary determines  
21   to be sufficient, when added to the State average price re-  
22   ceived by producers for milk and butterfat used for manu-  
23   factured dairy products, to equal a total return of not less than



1 the support level established pursuant to this subsection for  
2 milk and butterfat used for manufactured dairy products on  
3 milk sold for manufacturing purposes for that State. Such  
4 payments shall be made to producers prior to July 1 next  
5 following the close of the marketing year. The Secretary  
6 shall calculate the monthly average net price received  
7 for milk and butterfat used in manufactured dairy products  
8 received in each State, using the price at the point  
9 of first sale out of the producers' hands. A producer who  
10 sells milk under the terms of a Federal milk order and who  
11 complies with his marketing quota shall be eligible for a  
12 payment on milk diverted into manufactured dairy products.

13 “(6) In December 1958, the Secretary shall conduct  
14 a nationwide referendum of milk producers to determine  
15 whether those voting approve the provisions of this sub-  
16 section. If more than one-half of the producers voting  
17 in the referendum oppose this subsection, this subsection  
18 shall not be placed into effect and the price-support opera-  
19 tions of the Secretary under subsection 201 (c) of the  
20 Agricultural Act of 1949 with respect to milk and dairy  
21 products shall remain in effect. The Secretary shall conduct  
22 the referendum, prescribing such rules and regulations as  
23 may be necessary. Only milk producers shall be eligible to

- 1 vote. Any milk producer shall have only one vote and
- 2 shall vote as an individual, rather than as a business entity.
- 3 The ballot shall be in the following form:

---

“UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICIAL BALLOT

NATIONAL REFERENDUM OF MILK PRODUCERS

---

Mark this square if you favor—

- Establishment of a dairy income protection program, utilizing deficiency payments, compliance deposits, and marketing quotas
- ☐ based on 90 per centum of the parity equivalent price, in addition to Government purchases, storage and diversion as provided in the Agricultural Act of 1958.

---

Mark this square if you favor—

- Continuation of price support utilizing Government purchases,
- ☐ storage and diversion with support at 75 to 90 per centum of the parity equivalent price, as provided by section 201 (c) of the Agricultural Act of 1949.
- 

- 4 “The price support operations of the Secretary under
- 5 subsection 201 (c) of this Act with respect to milk and
- 6 dairy products shall be suspended after the first six months
- 7 during which this Act shall be in effect, and remain sus-
- 8 pended during any subsequent marketing year during which
- 9 this Act shall be in effect.

10 “FEDERAL DAIRY BOARD

- 11 “(7) There is created in the Department to make the
- 12 determinations and perform the functions provided in this
- 13 subsection, a Federal Dairy Board consisting of fifteen mem-
- 14 bers to be appointed by the President after receiving nomi-
- 15 nations from milk producers as provided herein. Only per-



1 sons who are milk producers shall be eligible to serve on  
2 the Board.

3 “(A) In order to secure appropriate regional repre-  
4 sentation on the Board, the United States shall be divided  
5 into fifteen Federal dairy districts to be designated by the  
6 Secretary. In designating such districts, the Secretary shall  
7 give consideration to (1) complete geographical representa-  
8 tion of the United States and (2) the designation of dis-  
9 tricts, so that districts will be areas having equal annual sales  
10 of milk and butterfat, as nearly as possible without dividing  
11 any county into two or more districts.

12 “(B) Each Federal dairy district shall be assigned one  
13 place on the Board. The milk producers in each district  
14 shall by ballot select three nominees for the place on the  
15 Board assigned to their district. Each milk producer shall  
16 be entitled to submit one name for nominee for the place  
17 on the Board to be filled from his district. The three candi-  
18 dates receiving the highest number of votes for nominee for  
19 each respective place on the Board shall be nominees for  
20 appointment to such place. The Secretary shall conduct an  
21 election of nominees between January 1 and January 15,  
22 1959, and shall conduct any subsequent elections for the  
23 selection of such nominees, prescribe such rules and regula-  
24 tions as he may consider necessary in the administration of

1 the duties assigned herein, determine all questions involving  
2 the qualifications of such nominees, members of the Board,  
3 or milk producers, resolve all tie votes for such nominees,  
4 and certify such nominees to the President. The decision  
5 of the Secretary in all such matters shall be final. The three  
6 nominees so selected for each place on the Board shall be  
7 received by the President, who shall select one of the three  
8 nominees for appointment to each place on the Board for  
9 which such nominees were selected. In making appoint-  
10 ments to the Board, the President shall give careful consid-  
11 eration to securing an equitable representation of the various  
12 forms in which milk and its products are sold.

13 “(C) Terms of Board members shall expire on June 30,  
14 1962. Board members may be removed for cause or in-  
15 eligibility by the President. Vacancies on the Board may  
16 be filled for the unexpired terms by appointment by the  
17 President, taking into consideration the nominees from which  
18 the original appointment was made, or, in the discretion of  
19 the President, in the manner herein prescribed for the ap-  
20 pointment of members for a regular term. Vacancies on the  
21 Board shall not impair the power of the remaining members  
22 to exercise all the powers of the Board, except that in no  
23 event shall the Board be empowered to act unless eight or  
24 more places on the Board are filled. Each member of the  
25 Board, other than the Secretary or the Secretary’s represent-



1   ative, shall receive a per diem of \$50 for each day's attend-  
2   ance at meetings of the Board and while traveling to and  
3   from said meetings, together with actual, necessary travel  
4   subsistence, and other expenses incurred in the discharge of  
5   his official duties without regard to other laws with respect  
6   to allowances which may be made on account of travel and  
7   subsistence expenses of officers and employed personnel of  
8   the United States. The Secretary, or an official of the De-  
9   partment designated by him, shall be an ex officio member  
10  of the Board. He shall meet and confer with the Board but  
11  shall not be entitled to vote.

12       “(D) The Board shall meet as soon as practicable fol-  
13  lowing their initial appointment, and thereafter, annually  
14  on the second Monday in December and at other times upon  
15  the call of the Chairman. In addition, special meetings of  
16  the Board may be called at any time by a majority of the  
17  members of the Board in office, or by the Secretary. The  
18  Board shall meet at least once in each calendar quarter of  
19  each year.

20       “(E) The Chairman of the Board shall be selected by  
21  the Board. He shall hold office for a term of one calendar  
22  year and until his successor shall have been selected and  
23  shall have taken office. Vacancies in the office of the Chair-  
24  man of the Board shall be filled for the unexpired term by  
25  the Board.

1       “(F) A majority of the members of the Board in office  
2 shall constitute a quorum, and action may be taken by a  
3 majority vote of those present at any regular or special  
4 meeting at which a quorum is present. The findings and  
5 determinations of the Board made under the authority of this  
6 section shall be final and conclusive. The Board may adopt,  
7 alter, and use an official seal which shall be judicially  
8 noticed. It may adopt rules and regulations governing the  
9 manner in which its business may be conducted and its  
10 powers may be exercised.

11       “(G) The Federal Dairy Board is directed, in addition  
12 to its other duties, to cause to be made a comprehensive  
13 study of the production and marketing of manufacturing  
14 milk, including producers’ costs of production, prices received  
15 by farmers, areas of production, the relationship between  
16 changes in the farm price of butterfat and milk for manu-  
17 facturing and changes in the volume of market supply of  
18 each commodity, the relationship between changes in na-  
19 tional income and changes in the volume of consumption of  
20 manufactured dairy products, marketing and processing  
21 spreads, relationship between prices received by farmers for  
22 milk used for fluid consumption and that used for manufactur-  
23 ing, returns to milk producers on capital investment and  
24 labor relative to other farmers and other segments of the na-  
25 tional economy, and trends in these factors; and shall submit



1 to Congress not later than January 3, 1961, a detailed report  
 2 thereon with recommendations for legislation related to the  
 3 protection of producers' returns on and market supply man-  
 4 agement of butterfat and milk for manufacturing, including  
 5 programs to be operated and financed by diarmen, covering  
 6 the probable costs and effects of the proposals recommended  
 7 and the legislation required to put the proposal into effect.  
 8 The Federal Dairy Board may conduct such hearings and  
 9 receive such statements and briefs in connection with such  
 10 study as it deems appropriate.

11 " (H) The Secretary is directed to make available to the  
 12 Federal Dairy Board the services of such of the facilities and  
 13 personnel of the Department of Agriculture as it may require  
 14 for the appropriate conduct of its duties."

15 ANNOUNCEMENT OF SUPPORT LEVEL

16 SEC. 602. Section 406 of the Agricultural Act of 1949,  
 17 as amended, is amended by adding at the end thereof the  
 18 following new sentence: "In announcing the price support  
 19 level for milk and butterfat, the Secretary shall announce a  
 20 corresponding support price for manufacturing milk contain-  
 21 ing 3.5 per centum milk fat."

22 CERTIFICATION THAT SUPPORT PRICE WAS PAID TO  
 23 PRODUCER

24 SEC. 603. The second sentence of subsection (c) of sec-  
 25 tion 201 of the Agricultural Act of 1949, as amended, is

1 amended to read as follows: "Such price support shall be  
2 provided through loans on, or purchases of, milk and the  
3 products of milk and butterfat and the Secretary shall require  
4 of the vendor of any such products purchased under this  
5 section a certification that producers were paid the price  
6 support in effect at the time of purchase for the milk or  
7 butterfat used in the products purchased."

8 EXTEND SCHOOL MILK PROGRAM

9 SEC. 604. The last sentence of section 201 (c) of the  
10 Agricultural Act of 1949, as amended (7 U. S. C. 1446), is  
11 amended by striking out the word "two" and by striking out  
12 "1958" and inserting in lieu thereof "1961".

13 EXTEND VETERANS AND ARMED SERVICES MILK PROGRAM

14 SEC. 605. The first sentence of section 202 (a) of the  
15 Agricultural Act of 1949, as amended (7 U. S. C. 1446a),  
16 is amended by striking out "1958" and inserting in lieu  
17 thereof "1961".

18 SEC. 606. Subsection (b) of section 202 of the Agricul-  
19 tural Act of 1949 (7 U. S. C. 1446a) is amended by strik-  
20 ing out "1958" and inserting in lieu thereof "1961", by  
21 striking out "of the Army, Navy, or Air Force, and as a  
22 part of the ration" and inserting in lieu thereof "(1) of the  
23 Army, Navy, Air Force, or Coast Guard, (2)", and by  
24 inserting before the period at the end of the first sentence



1 of such subsection the following: “, and (3) of cadets and  
 2 midshipmen at, and other personnel assigned to, the United  
 3 States Merchant Marine Academy”.

#### 4 PRICE SUPPORT DETERMINATION

5 SEC. 607. Section 201 (c) of the Agricultural Act of  
 6 1949, as amended, is amended by striking out of the first  
 7 sentence thereof the words “necessary in order to assure an  
 8 adequate supply”.

#### 9 TITLE VII—FEED GRAINS

10 SEC. 701. This title may be cited as the “Feed Grains  
 11 Act of 1958”.

#### 12 SUSPENSION OF COMMERCIAL CORN AREA AND CORN

#### 13 ALLOTMENTS

14 SEC. 702. The provisions of sections 321, 327, 328 and  
 15 329 of the Agricultural Adjustment Act of 1938, as  
 16 amended, shall be inoperative with respect to the crop years  
 17 1959, 1960 and 1961.

#### 18 SUBTITLE I—NATIONAL FEED GRAIN BASE ACREAGE;

#### 19 FARM FEED GRAIN BASE ACREAGE: ACREAGE AL-

#### 20 LOTMENTS: FARM CONSERVATION BASE

21 SEC. 703. The designation of part II of subtitle B of title  
 22 III of the Agricultural Adjustment Act of 1938, as amended,  
 23 is redesignated as “Part II—Acreage Allotments and Mar-  
 24 keting Quotas—Feed Grains”.

1        SEC. 704. The Agricultural Adjustment Act of 1938,  
2    as amended, is amended by adding a new section 322 as  
3    follows:

4 "NATIONAL AND FARM FEED GRAIN BASES; ACREAGE  
5 ALLOTMENTS; CONSERVATION BASE

6 "SEC. 322. (a) Prior to December 1, 1958, the Secre-  
7 tary shall establish for each farm producing feed grains in the  
8 United States a farm feed grain base for 1959, 1960, and  
9 1961. The national feed grain base shall be one hundred and  
10 two million acres. Such national feed grain base shall be ap-  
11 portioned by the Secretary among the States on the basis of  
12 the acreage of feed grains (planted and diverted) in such  
13 States during the years 1955, 1956, and 1957, with adjust-  
14 ments for abnormal weather conditions in the local areas  
15 involved and for trends in acreage during such period and for  
16 the promotion of soil-conservation practices. The feed grain  
17 base for each State shall be apportioned by the Secretary  
18 among the counties on the basis of the acreage of feed grains  
19 (planted and diverted) in such counties during the years  
20 1955, 1956, and 1957, with adjustments for abnormal  
21 weather conditions in the local areas involved and for trends  
22 in acreage during such period and for the promotion of soil-  
23 conservation practices. The feed grain base for the county  
24 shall be apportioned by the Secretary, through the local com-



1 mittees, among the farms within the county on the basis of  
2 past acreage of feed grains (planted and diverted), tillable  
3 acreage, crop rotation practices, type of soil, and topography,  
4 with adjustments for abnormal weather conditions in the local  
5 areas involved and for the promotion of soil-conservation  
6 practices.

7 “(b) Prior to December 1, 1958, the Secretary shall  
8 establish for each farm producing feed grains in the United  
9 States a conservation base included in which shall be the  
10 average of all farm acreage utilized during the years 1955,  
11 1956, and 1957 for farm buildings, private roads, woodlands,  
12 permanent pasture, marshland, and all acreage not in  
13 cultivation, but not including tame hay acreage or rotational  
14 pasture.

15 “(c) For each of the three crop years commenc-  
16 ing January 1, 1959, the Secretary shall determine  
17 the national feed grain acreage allotment which shall be the  
18 acreage required to keep feed grain production in balance  
19 with domestic consumption and exports. For 1959 the na-  
20 tional feed grain acreage allotment shall be eighty-one million  
21 six hundred thousand acres; for 1960 and 1961 the national  
22 feed grain acreage allotment shall be not less than eighty-one  
23 million six hundred thousand acres nor more than ninety-one  
24 million eight hundred thousand acres. The national feed

1 grain acreage allotment shall be announced by the Secretary  
2 not later than November 1 preceding the year for which the  
3 allotment is determined.

4 “(d) The Secretary through the State and local com-  
5 mittees shall apportion the national feed grain acreage allot-  
6 ment among farms on the basis of the average acreage planted  
7 to feed grains and diverted from the production of feed grains  
8 under agricultural adjustment and conservation programs dur-  
9 ing the years 1955, 1956, and 1957, and on the basis of  
10 tillable acreage, crop-rotation practices, type of soil, and  
11 topography, with adjustments for abnormal weather condi-  
12 tions in the local areas involved and for the promotion of  
13 soil conservation practices.

14 “(e) The farm feed grain allotment for any farm for  
15 1959, 1960, and 1961 shall be the allotment as determined  
16 in accordance with the foregoing provisions less the number  
17 of acres, if any, by which the producers on the farm agree,  
18 pursuant to the provisions of the Feed Grains Act of 1958, to  
19 reduce their acreage below their allotment as determined  
20 by the foregoing provisions: *Provided*, That for 1959, 1960,  
21 and 1961 the ratio of the farm feed grain allotment to the  
22 farm feed grain base shall be the same as the ratio of the  
23 national feed grain allotment to the national feed grain base.

24 “(f) The Secretary through the State and local com-  
25 mittees shall apportion not to exceed one hundred thousand



1 acres among farms on which feed grains have not been pro-  
2 duced during any of the years 1955, 1956, and 1957 on  
3 the basis of tillable acres on the farm, type of soil, topography,  
4 taking into consideration the acreage devoted to feed grain  
5 production on adjacent farms during the years 1955, 1956,  
6 and 1957. The acreage so apportioned shall be part of  
7 the national acreage allotment of feed grains.”

#### 8 DEFINITIONS

9 SEC. 705. Section 301 of the Agricultural Adjustment  
10 Act of 1938, as amended, is amended—

11 (a) by amending subsection (a), paragraph (9),  
12 to read as follows:

13 “(9) The term ‘corn’ means field corn raised for grain,  
14 forage, or silage.”;

15 (b) by adding at the end of subsection (a) two  
16 new paragraphs as follows:

17 “(10) The term ‘sorghums’ means all sorghums raised  
18 for grain, forage, or silage.”;

19 “(11) The term ‘feed grains’ means the commodities  
20 corn and sorghum.”;

21 (c) by amending subsection (b), paragraph (1),  
22 subparagraph (A), to read as follows:

23 “(A) ‘Actual production’ as applied to any acreage of  
24 feed grains means the actual average yield for the farm times  
25 such number of acres. For the purposes of determining

1 actual production the 'actual yield' of any acreage of feed  
2 grains shall be the actual average yield of the acreage of  
3 feed grains on the farm.”;

4 (d) by striking out in subsection (b), paragraph  
5 (6), subparagraph (A), the word “corn” wherever it  
6 appears and inserting in lieu thereof the words “feed  
7 grains”;

8 (e) by adding at the end of subsection (b), para-  
9 graph (7), the language “Feed grains, July 1–June  
10 30.”;

11 (f) by striking out in subsection (b), paragraph  
12 (9), the word “corn” and inserting in lieu thereof the  
13 words “feed grains”; and

14 (g) by adding at the end of subsection (b), para-  
15 graph (13), a new subparagraph (H) as follows:

16 “(H) ‘Normal yield’ for any farm in the case of feed  
17 grains shall be the average yield per acre of feed grains for  
18 the farm during the calendar years 1955, 1956, and 1957,  
19 adjusted for abnormal weather conditions in the local areas  
20 involved. If for any such year the data are not available or  
21 there is no actual yield then the normal yield for the farm  
22 shall be appraised in accordance with regulations issued by



1 the Secretary, taking into consideration abnormal weather  
2 conditions as aforesaid, the yield obtained on adjacent farms  
3 during such year and the yield in years for which the data  
4 are available. Where both corn and sorghums have been  
5 produced on the same farm during such three-year period  
6 a separate normal yield shall be established for corn and for  
7 sorghums on the basis of the applicable factors in the pre-  
8 ceding sentences of this subparagraph and the normal yield  
9 for the farm shall be determined by computing the average  
10 of the corn and sorghums yields so determined weighted by  
11 the actual acreages of corn and sorghums on the farm for  
12 the year for which the normal yield is determined. Where  
13 there is no acreage of feed grains on the farm for the year  
14 for which the yield is determined, the normal yield for  
15 such a farm shall be the average of the normal yields for  
16 corn and sorghums weighted by the acreages which it is  
17 determined by the county committee were contributed to  
18 the farm acreage allotment of feed grains for such year by  
19 the production in prior years of corn and sorghums.”

20 SEC. 706. The Agricultural Adjustment Act of 1938,  
21 as amended, is amended—

22 (a) by striking out in section 361 the word “corn”

1       and inserting in lieu thereof the words "feed grains";

2               (b) by striking out the word "corn" wherever it  
3       appears and by inserting in lieu thereof in section 371,  
4       subsections (a) and (b) the words "feed grains,";

5               (c) by adding in section 372, subsection (a), im-  
6       mediately following the word "cotton," the words "feed  
7       grains,";

8               (d) by striking out in section 373, subsections (a)  
9       and (b), the word "corn," wherever it appears, and  
10       inserting in lieu thereof the words "feed grains,";

11              (e) by striking out in section 374, subsection (a),  
12       the word "corn," and inserting in lieu thereof the  
13       words "feed grains,"; and

14              (f) by adding in section 374, subsection (c),  
15       immediately following the word "commodity", the  
16       words "or feed grains".

17              (g) by striking out in section 375, subsection (a),  
18       the word "corn" and inserting in lieu thereof the words  
19       "feed grains".

20       SEC. 707. The Agricultural Adjustment Act of 1938 as  
21       amended, is amended by adding a new section 323 as  
22       follows:



1           “AMOUNT OF FARM MARKETING QUOTAS

2           “SEC. 323. The farm marketing quota for any crop of  
3 feed grains shall be the actual production of feed grains on the  
4 farm less the normal production of the acreage planted to  
5 feed grains on the farm in excess of the farm acreage allot-  
6 ment. The normal production from such excess acreage shall  
7 be known as the ‘farm marketing excess’: *Provided*, That  
8 the farm marketing excess shall not be larger than the amount  
9 by which the actual production of feed grains on the farm  
10 exceeds the normal production of the farm acreage allotment  
11 if the producer establishes such actual production to the satis-  
12 faction of the Secretary.”

13           SEC. 708. The Agricultural Adjustment Act of 1938, as  
14 amended, is amended by adding a new section 324 as  
15 follows:

16                           “PENALTIES

17           “SEC. 324. (a) Whenever farm marketing quotas are  
18 in effect with respect to any crop of feed grains, the producer  
19 shall be subject to a penalty on the farm marketing excess  
20 at the rate of \$1 per bushel.

21           “(b) The farm marketing excess of feed grains shall be  
22 regarded as available for marketing and the amount of pen-

1 alty shall be computed upon the normal production of the  
2 acreage on the farm planted to feed grains in excess of the  
3 farm acreage allotment. If a downward adjustment in the  
4 amount of the farm marketing excess is made pursuant to the  
5 proviso in section 323, the difference between the amount of  
6 the penalty computed upon the farm marketing excess before  
7 such adjustment and as computed upon the adjusted market-  
8 ing excess shall be returned to or allowed the producer.

9       “(c) The person liable for payment or collection of  
10 the penalty shall be liable also for interest thereon at the  
11 rate of 6 per centum per annum from the date the penalty  
12 becomes due until the date of payment of such penalty.

13       “(d) Until the penalty on the farm marketing excess  
14 is paid, all feed grain produced on the farm and marketed  
15 by the producer shall be subject to the penalty provided  
16 by this section and a lien on the entire crop of feed grains  
17 produced on the farm shall be in effect in favor of the United  
18 States.

19       “(e) A farm marketing quota on feed grains shall not  
20 be applicable to any farm on which the acreage planted  
21 to feed grains does not exceed the highest acreage planted



1 to feed grains during the years 1955, 1956, and 1957, but  
2 not in excess of thirty acres unless the feed grain producers  
3 on the farm apply to reduce the acreage of feed grains on  
4 the farm pursuant to the provisions of the Feed Grains Act  
5 of 1958.

6 “(f) Producers who knowingly and falsely certify as to  
7 their eligibility to vote in the referendum conducted pursu-  
8 ant to subtitle II of the Feed Grains Act of 1958 shall be  
9 guilty of a misdemeanor and upon conviction shall be fined  
10 not less than \$100 nor more than \$500.”

11 SEC. 709. This subtitle shall become inoperative if more  
12 than 50 per centum of the producers voting on part I of the  
13 ballot in the referendum provided for in subtitle II of this  
14 title favor no program on feed grains for the years 1959,  
15 1960, and 1961, or if more than 50 per centum of the pro-  
16 ducers voting on part II of the ballot in such referendum  
17 favor the program provided for in subtitle IV of this title.

18 SUBTITLE II—NATIONAL REFERENDUM

19 SEC. 710. Not later than December 15, 1958, the  
20 Secretary shall conduct a referendum of producers on farms

1 for which a 1959 feed grain base of more than thirty acres  
2 has been established.

3 Producers on farms for which a feed grain base of  
4 thirty acres or more has been established by the Secretary  
5 pursuant to this title shall be eligible to vote in the refer-  
6 endum conducted pursuant to this subtitle: *Provided*, That  
7 producers of any one of the crops of oats, or rye, or barley  
8 shall be eligible to vote in the referendum conducted pursuant  
9 to this subtitle if such producers certify in writing to the  
10 Secretary that they have devoted an average of thirty acres  
11 during 1955, 1956, and 1957 to the production of any one  
12 of the crops of oats, or rye, or barley. Such referendum shall  
13 be held to determine for the 1959, 1960, and 1961 crops  
14 of feed grains (1) whether such producers favor any price  
15 support program for feed grains, and (2) whether they favor  
16 the price support program as provided for in subtitle III  
17 hereof or whether they favor the price support program pro-  
18 vided for in subtitle IV hereof. If more than 50 per centum  
19 of the eligible producers voting in such referendum favor  
20 a price support program for feed grains, and if more than



1 50 per centum of such eligible producers favor the program  
2 set forth in subtitle III of this title, subtitle III shall  
3 become operative. If more than 50 per centum of the  
4 eligible producers voting in such referendum favor a price  
5 support program for feed grains and if more than 50 per  
6 centum of such eligible producers favor the program set  
7 forth in subtitle IV of this title, subtitle IV shall become  
8 operative.

9 SEC. 711. The following form of ballot shall be used in  
10 conducting such referendum:





## FEED GRAIN REFERENDUM BALLOT

REGARDING CORN AND GRAIN SORGHUMS PROGRAM FOR 1959, 1960, AND  
1961

### PART I

Public Law —, "The Feed Grains Act of 1958," provides that the United States Department of Agriculture conduct a referendum among the eligible producers of corn and grain sorghums to determine whether a majority of the producers of such grains voting in the referendum favor a price support program for these grains as set out in part II of this ballot.

Vote by checking one or the other:

- (1) I vote for "A program of price support." ☐  
(2) I vote for "No program." ☐

If a majority of those voting on part I have voted in favor of "no program" as submitted above, the vote on part II shall be of no effect.

If a majority of those voting on part I have voted in favor of "a program of price support," as submitted above, the Secretary shall carry out the program below which receives a majority of the votes cast on part II.

(VOTE IN PART II REGARDLESS OF HOW YOU VOTED IN PART I IF YOU  
SO DESIRE)

### PART II

Public Law — also requires that in the referendum a determination be made as to which of the programs indicated below is favored by a majority of the producers voting on this part II.

Vote by checking one or the other:

- (1) I vote for "A program" as established by subtitle III of the Act. ☐  
(2) I vote for "A program" as established by subtitle IV of the Act. ☐





1        SEC. 712. If more than 50 per centum of the producers  
2        voting on part I of the ballot in the referendum favor no  
3        price support program for feed grains, no acreage allotments  
4        or marketing quotas shall be in effect for the 1959, 1960, and  
5        1961 crops of feed grains and no price support shall be made  
6        available for such crops of feed grains.

7        SUBTITLE III—ACREAGE CONTROLS, PAYMENTS TO PRO-  
8        DUCERS, AND PRICE SUPPORT AT 80 PER CENTUM OF  
9        PARITY

10       SEC. 713. If more than 50 per centum of the producers  
11       voting on part I of the ballot in the referendum held pur-  
12       suant to subtitle II vote in favor of a price support pro-  
13       gram for feed grains and more than 50 per centum of the  
14       producers voting on part II of the ballot in such referendum  
15       favor the price support program as provided in this subtitle—

16                (a) acreage allotments and marketing quotas shall  
17       be in effect for feed grains as provided for in subtitle I  
18       hereof;

19                (b) the producers on a farm for which the 1959,  
20       1960, and 1961 feed grain allotment computed without  
21       regard to the provisions of section 322 (e) of the Agri-  
22       cultural Adjustment Act of 1938, as amended (herein-

1 after referred to as the "computed acreage allotment")  
2 is thirty acres or more may, at their election, reduce their  
3 acreage of feed grains in an amount not to exceed 50 per  
4 centum of their farm feed grain base and receive compen-  
5 sation therefor as hereinafter provided. Also the pro-  
6 ducers on a farm for which the 1959, 1960, and 1961  
7 feed grain computed acreage allotment is less than thirty  
8 acres may, at their election, apply to reduce their acre-  
9 age of feed grains below their farm feed grain base by  
10 not less than 20 per centum up to 100 per centum of  
11 their farm feed base and receive compensation for such  
12 reduction, in which event the provisions of subtitle I  
13 hereof shall apply to such farm as fully as if such farm  
14 had a computed acreage allotment of more than thirty  
15 acres;

16 (c) producers on a farm for which the 1959, 1960,  
17 and 1961 computed acreage allotment is thirty acres or  
18 more and the producers on a farm for which the 1959,  
19 1960, and 1961 computed acreage allotment is less than  
20 thirty acres who elect to reduce their acreage of feed  
21 grains pursuant to subsection (b) above, shall be com-  
22 pensated for reducing their 1959, 1960, and 1961 acre-  
23 age of feed grains below their farm feed grain base and  
24 for diverting the same acres to the farm conservation  
25 base. To be eligible for such compensation the producer



(1) shall not exceed his farm feed grain allotment, (2) shall increase his farm conservation base by an acreage equal to the number of acres by which he reduces his feed grains below his farm feed grain base, (3) shall carry out a conservation practice, approved by the Secretary, on an acreage equal to the number of acres by which he reduces his feed grains below his farm feed grain base, and (4) shall neither harvest nor pasture any acreage so diverted: *Provided*, That nothing in this title shall be construed to impair the eligibility of any acres diverted under this title for payments under the Agricultural Conservation Payment Program. The amount of such compensation shall be determined by multiplying the number of acres of feed grains diverted from the farm feed grain base to the farm conservation base pursuant to this title by 66 per centum of the normal yield of feed grains established for the farm by 80 per centum of the parity price of corn. Such compensation shall be paid as follows:

(1) for 1959 not more than 50 per centum, and for 1960 and 1961 not less than 50 per centum of such compensation shall be paid through negotiable certificates, and which the Commodity Credit Corporation shall redeem in corn, sorghum, oats, rye, or barley in accordance with regulations prescribed by the Secretary: *Provided*,

1 That if the Commodity Credit Corporation does not have  
2 sufficient stocks of such grains or if it is not practicable  
3 to redeem any such certificates in such grains, the cer-  
4 tificates shall be redeemed in cash, and

5 (2) the remainder of such compensation shall be  
6 paid through negotiable certificates redeemable in cash.  
7 Notwithstanding any provision hereof the total amount  
8 of compensation shall not exceed the equivalent of \$75  
9 per acre.

10 The facts constituting the basis for any compensation  
11 or the amount thereof authorized to be made under this  
12 section when officially determined in conformity with  
13 applicable regulations prescribed by the Secretary shall  
14 be final and conclusive. The Secretary shall prescribe  
15 such regulations as he determines necessary to carry out  
16 the provisions of this section;

17 (d) the level of price support for the 1959, 1960,  
18 and 1961 crop of feed grains shall be 80 per centum of  
19 parity;

20 (e) For such period price supports shall be made  
21 available for oats, rye, and barley at such level as the  
22 Secretary determines is fair and reasonable in relation  
23 to the level at which price support is made available  
24 for corn, taking into consideration the feeding value of  
25 such commodity in relation to corn, the normal price



1 relationship between such commodity and corn, the lo-  
2 cation and storability of the commodity, and other  
3 relevant factors.

4 (f) no producer shall be eligible for price support  
5 on any commodity for any year in which the planted  
6 acreage of feed grains on the farm exceeds the farm  
7 feed grain allotment, except that this provision shall not  
8 apply in the case of any commodity with respect to  
9 which the Secretary determines is impracticable to apply  
10 such provision. For the purpose of this subsection, a  
11 producer shall not be deemed to have exceeded his farm  
12 feed grain allotment unless such producer knowingly  
13 exceeded such allotment.

14 SUBTITLE IV—PRICE SUPPORTS BASED ON PREVIOUS  
15 WEIGHTED THREE-YEAR MARKET

16 SEC. 714. If more than 50 per centum of the producers  
17 voting on part I of the ballot in the referendum favor a price  
18 support program for feed grains, and more than 50 per  
19 centum of the producers voting on part II of the ballot in  
20 such referendum favor the program as provided for in this  
21 subtitle—

22 (a) For the 1959, 1960, and 1961 crops of corn,  
23 the level of price support shall be 90 per centum of  
24 the average prices during the three calendar years im-  
25 mediately preceding the calendar year in which the

1 marketing year for such crop begins. The average shall  
2 be determined upon the basis of the prices received by  
3 farmers.

4 (b) For 1959, 1960, and 1961, price support shall  
5 be made available for oats, rye, barley, and grain sor-  
6 ghums at such level as the Secretary of Agriculture de-  
7 termines is fair and reasonable in relation to the level  
8 at which price support is made available for corn, taking  
9 into consideration the feeding value of such commodity  
10 in relation to corn, the normal price relationship between  
11 such commodity and corn, the location and storability  
12 of the commodity, and other relevant factors.

13 SUBTITLE V—GENERAL PROVISIONS

14 SEC. 715. If any provision of this title is declared un-  
15 constitutional, or the applicability thereof to any person,  
16 circumstance, or commodity is held invalid, the validity of  
17 the remainder of this title and the applicability thereof to  
18 other persons, circumstances, or commodities shall not be  
19 affected thereby.

20 SEC. 716. The Secretary is authorized to utilize the fa-  
21 cilities, funds, services, and authorities of the Commodity  
22 Credit Corporation in carrying out the provisions of this title.



## TITLE VIII—MISCELLANEOUS

SEC. 801. The Agricultural Adjustment Act of 1938, as amended, is amended by adding after section 377 the following new section:

“SEC. 378. (a) Notwithstanding any other provision of this Act, the allotment determined for any commodity for any land from which the owner is displaced because of acquisition of the land for any purpose by any Federal, State, or other agency having the right of eminent domain shall be place in an allotment pool and shall be available only for use in providing allotments for other farms owned by the owner so displaced. Upon application to the county committee, within three years after the date of such displacement, or three years after the enactment of this Act, whichever period is longer, any owner so displaced shall be entitled to have established for other farms owned by him allotments which are comparable with allotments determined for other farms in the same area which are similar except for the past acreage of the commodity, taking into consideration the land, labor, and equipment available for the production of the commodity, crop-rotation practices, and the soil and other physical factors affecting the production of the commodity: *Provided*, That the acreage used to establish or increase the allotments for such farms shall be transferred from the pool and shall not exceed the allot-

1 ment most recently established for the farm acquired from  
2 the applicant and placed in the pool. During the period  
3 of eligibility for the making of allotments under this section  
4 for a displaced owner, acreage allotments for the farm  
5 from which the owner was so displaced shall be established  
6 in accordance with the procedure applicable to other farms,  
7 and such allotments shall be considered to have been fully  
8 planted. After such allotment is made under this section,  
9 the proportionate part, or all, as the case may be, of the  
10 past acreage used in establishing the allotment most recently  
11 placed in the pool for the farm from which the owner was  
12 so displaced shall be transferred to and considered for the  
13 purposes of future State, county, and farm acreage allot-  
14 ments to have been planted on the farm to which allotment  
15 is made under this section. Except where paragraph (c)  
16 requires the transfer of allotment to another portion of the  
17 same farm, for the purpose of this section (1) that part of  
18 any farm from which the owner is so displaced and that  
19 part from which he is not so displaced shall be considered  
20 as separate farms; and (2) an owner who voluntarily  
21 relinquishes possession of the land subsequent to its acquisi-  
22 tion by an agency having the right of eminent domain shall  
23 be considered as having been displaced because of such  
24 acquisition.

25 " (b) The provisions of this section shall not be ap-



1 plicable if (1) there is any marketing quota penalty due  
2 with respect to the marketing of the commodity from the  
3 farm acquired by the Federal, State, or other agency or  
4 by the owner of the farm; (2) any of the commodity pro-  
5 duced on such farm has not been accounted for as required  
6 by the Secretary; or (3) the allotment next established  
7 for the farm acquired by the Federal, State, or other agency  
8 would have been reduced because of false or improper  
9 identification of the commodity produced on or marketed  
10 from such farm or due to a false acreage report.

11 “(c) This section shall not be applicable, in the case of  
12 cotton, tobacco, and peanuts, to any farm from which the  
13 owner was displaced prior to 1950, in the case of wheat and  
14 corn, to any farm from which the owner was displaced prior  
15 to 1954, and in the case of rice, to any farm from which the  
16 owner was displaced prior to 1955. In any case where the  
17 cropland acquired for nonfarming purposes from an owner  
18 by an agency having the right of eminent domain represents  
19 less than 15 per centum of the total cropland on the farm,  
20 the allotment attributable to that portion of the farm so  
21 acquired shall be transferred to that portion of the farm not so  
22 acquired.”

23 “(d) Sections 313 (h), 334 (d), 344 (h), and 358  
24 (h) of the Agricultural Adjustment Act of 1938, as  
25 amended, are repealed, but any transfer or reassignment of

1 allotment heretofore made under the provisions of these sec-  
2 tions shall remain in effect, and any displaced farm owner  
3 for whom an allotment has been established under such re-  
4 pealed sections shall not be eligible for additional allotment  
5 under subsection (a) of this section because of such displace-  
6 ment.”

7       SEC. 802. Section 405 of the Agricultural Act of 1949  
8 is amended by adding at the end thereof the following:  
9 “There is authorized to be included in the terms and condi-  
10 tions of any such nonrecourse loan a provision whereby on  
11 and after the maturity of the loan or any extension thereof  
12 Commodity Credit Corporation shall have the right to ac-  
13 quire title to the unredeemed collateral without obligation to  
14 pay for any market value which such collateral may have in  
15 excess of the loan indebtedness.”





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# A BILL

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To extend and amend the Agricultural Trade Development and Assistance Act of 1954; to amend the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the National Wool Act of 1954 with respect to acreage allotment and price support programs for rice, cotton, wool, wheat, milk, and feed grains and for other purposes.

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By Mr. COOLEY

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JUNE 16, 1958

Referred to the Committee on Agriculture









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued June 20, 1958  
For actions of June 19, 1958  
85th-2d, No. 101

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HIGHLIGHTS: House committee reported omnibus farm bill. House committee ordered reported bill to authorize training for Federal employees at outside facilities.

## HOUSE

1. FARM PROGRAM. The Agriculture Committee reported without amendment H. R. 12954, the omnibus farm bill. See Digest 99 for a summary of this bill. (H. Rept 1939). p. 10679
2. PERSONNEL. The Post Office and Civil Service Committee ordered reported with amendment S. 385, to authorize the training of Federal employees at public or private facilities. p. D567
3. WEATHER CONTROL. Passed as reported S. 86, to provide a weather modification research program under the direction of the National Science Foundation. pp. 10648-649, 10665-670
4. ROADS. The Public Works Committee reported without amendment H. R. 12776, to revise and codify title 23 of the U. S. Code, entitled "Highways" (H. Rept. 1938). p. 10679
5. MINERAL LEASES. The Interior and Insular Affairs Committee reported with amendment S. 2069, to amend the Mineral Leasing Act so as to promote the development of coal on the public domain (H. Rept. 1936). p. 10679

6. **CHEMICAL ADDITIVES.** The Interstate and Foreign Commerce Committee ordered without amendment H. R. 9521, to amend the Federal Food, Drug, and Cosmetic Act so as to revise the definition of the term "chemical additive" to provide that it shall not include any pesticide chemicals when used in or on any raw agricultural commodity which is produced from the soil. p. D567
7. **APPROPRIATIONS.** Passed with amendments, 361 to 18, H. R. 12858, making appropriations for civil functions administered by the Army, Interior, and TVA (includes appropriations for the Bureau of Reclamation, Bonneville Power Administration, Southeastern Power Administration and Southwestern Power Administration). pp. 10634-647
8. **FOREIGN AID.** Consent was granted until Friday night, June 20, for conferees to file a report on H. R. 12181, the mutual security authorization bill. p. 10673
9. **WATERMELONS.** Rep. Matthews expressed concern at the high retail price of watermelons, stating that they are retailing in D. C. at 5 cents a pound whereas the farmers in his district receive only one-fourth cent to one cent a pound. p. 10672
10. **RESEARCH.** Received from the National Science Foundation a proposed bill "to authorize the expenditure of funds through grants for support of scientific research and for other purposes"; to Interstate and Foreign Commerce Committee. p. 10679
11. **LEGISLATIVE PROGRAM.** Rep. McCormack announced that the conference report on H. R. 12181, the mutual security authorization bill, will be considered Tues., June 24, followed later in the week by H. R. 12954, the omnibus farm bill, if a rule is granted on it, and H. R. 4504, to improve marketing facilities for perishable commodities. p. 10684
12. **ADJOURNED** until Mon., June 23. p. 10679

SENATE

13. **TAXATION.** Continued debate on H. R. 12695, to extend for 1 year the corporate normal-tax rate and certain excise-tax rates. (pp. 10563-8, 10578-619). Agreed to, 59-25, an amendment by Sen. Smathers to repeal the transportation tax (pp. 10586-605).
14. **FOREIGN AID.** The Banking and Currency Committee ordered reported with amendment S. Res. 264, to establish an International Development Association in cooperation with the International Bank for Reconstruction and Development. p. D565
15. **HOUSING.** Sen. Sparkman reported for the Banking and Currency Committee an original bill without amendment S. 4035, the Housing Act of 1958. He stated that the bill would extend the program for farm housing research for 3 years, and authorize appropriations for each of the 3 years of \$100,000. pp. 10621-624 (S. Rept. 1732).  
Sen. Capehart submitted amendments he intends to propose to S. 4035, and a statement in explanation of the effects of the amendments. pp. 10625-631
16. **FLOOD CONTROL.** Conferees were appointed on S. 3910, the rivers and harbors and flood control authorization bill. House conferees have not yet been appointed. pp. 10571-578



## THE AGRICULTURAL ACT OF 1958

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JUNE 19, 1958.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. COOLEY, from the Committee on Agriculture, submitted the following

### R E P O R T

[To accompany H. R. 12954]

The Committee on Agriculture, to whom was referred the bill (H. R. 12954) to extend and amend the Agricultural Trade Development and Assistance Act of 1954; to amend the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the National Wool Act of 1954 with respect to acreage allotment and price-support programs for rice, cotton, wool, wheat, milk, and feed grains; and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

### MAJOR PROVISIONS

H. R. 12954 extends for 1 year the Agricultural Trade Development and Assistance Act, more commonly known as Public Law 480, and authorizes sale of an additional \$1.5 billion in farm products. It also directs an expanded barter program. It authorizes use of foreign currencies, obtained in the sale abroad of agricultural commodities, for sites and buildings abroad, trade fair participation and related activities, translation of foreign scientific publications, an expanded educational exchange program, public health activities, and operation of American colleges and other schools in foreign countries.

For the various commodities:

*Rice.*—Permits the Secretary of Agriculture in 1959, 1960, and 1961 to set the rice support price at his own discretion at any level between 75 and 90 percent of parity, without reference to the so-called escalator clause, which ties the support level to supply and demand factors. It provides that the national rice acreage allotment in the next 3 years shall not be smaller than the 1958 allotment.

*Cotton.*—Sets up a new 3-year program providing national acreage allotments in 1959, 1960, and 1961 at no less than the requirements

for domestic consumption and export (approximately 17,700,000 acres in 1959), and authorizes each cotton farmer a choice between (a) remaining within his original allotment and receiving price supports in 1959 at the 1958 level, in 1960 at 80 percent of parity, and in 1961 at 75 percent of parity, or (b) planting up to 33½ percent above his original allotment and receiving price supports on all the cotton he produces at not less than 60 percent of parity, the exact level to be determined by the Secretary. The 4-acre minimum allotment provisions of the present law would be continued.

*Wool.*—Continues the National Wool Act until March 31, 1962.

*Wheat.*—Permits wheat producers to vote on whether they want to continue the present program or adopt for 1959, 1960, and 1961 a domestic parity program in which farmers would be assured of reasonable prices on that part of their crop which is consumed as human food in the United States.

*Milk.*—Permits dairy farmers to choose between the present support program and a new 3-year self-financing program based on 90 percent of parity for manufacturing milk. Continues the special school milk program, and the programs for donation of dairy products to the armed services and veterans' hospitals for 3 additional years, and extends the donation program to the United States Merchant Marine Academy. Strikes out the provision of present law that price supports be fixed at a level "necessary in order to assure an adequate supply."

*Corn and other feed grains.*—Provides a solution of the feed grain problem whereby producers are given the choice whether they want to discard all supports and acreage allotments or, for the next 3 years, accept either one of the following programs: (a) Price supports for corn and sorghum at 80 percent of parity; acreage controls and marketing quotas and cross-compliance; payments in kind and in cash for diverting corn and sorghum acreage to land conserving uses; oats, rye, and barley price supports related to price support of corn, or (b) price supports for corn at 90 percent of the previous 3-year weighted market price: no acreage allotments or marketing quotas, no payments in kind or in cash; sorghum, oats, rye, and barley price supports related to the support price of corn.

#### STATEMENT

The purpose of H. R. 12954 is to perpetuate food and fiber abundance in America, at reasonable costs to consumers, and to accomplish for the producers of this food and fiber a fairer relationship of income and living standards with the other great segments of our economy and society.

This legislation is based on the proposition that any program for agriculture must be fair to farmers and consumers alike. It proposes substantial savings to taxpayers, by reducing the costs of farm program operations.

It seeks to strengthen the family farm and thereby arrest the migration of farm people to the cities where they are adding to the rolls of unemployed and are competing for jobs with the established labor supply.

It will enable our Government to share our food and fiber abundance more beneficially with friendly peoples the world over, by the exten-



sion and expansion of the Agricultural Trade Development and Assistance Act, more commonly known as Public Law 480. It will make friends for America.

It assures a continuation of the school milk program, and the milk programs for veterans' hospitals and for the armed services.

It carries forward the vital program making our abundant foods available to our needy citizens in the United States.

H. R. 12954 will improve the income of producers of a number of major crops, although it does not restore a full parity position to agriculture such as prevailed for 11 consecutive years, 1942-52 inclusive. It has been written in the shadows of Presidential vetoes. The first veto rejected H. R. 12 of the 84th Congress which sought to restore 90 percent of parity to major crops. The second veto voided Senate Joint Resolution 162 of the 85th Congress which had as its objective merely a holding of the line against further price deterioration and acreage reductions until the Congress could enact new general farm legislation.

This bill, therefore, represents a compromise between the administration's policy of constantly lowering farm prices on the one hand and, on the other, the often expressed objective of the Congress to maintain agriculture on a parity with other areas of the general economic structure. While it does not bring back a completely equitable price position for agriculture, it rejects the administration's proposition that the Secretary of Agriculture be given a completely free hand to reduce price supports as low as 60 percent of parity, where now the legal minimum is 75 percent of parity.

A new approach to the farm problem is embraced in this measure. It aspires to the stabilization of the agricultural economy by treatment of each major crop in a separate program, and in this respect the committee is convinced H. R. 12954 lays a solid foundation for improving the bargaining power and the economic position of agriculture, and for the construction of a true parity program at a time in the future when the administration, and all the organizations entitled to speak for farmers, are of one mind with the Congress to turn agriculture again in the direction of a production and price position that will provide due rewards for the farm families that have contributed so much to making America's standard of living the envy of the world.

#### THE FARMER

The committee, in presenting H. R. 12954 points out to the House and to the American people that our total population consumed 11 percent more farm-produced foods, including more meats and other animal products, in 1957 than in 1952, yet our farmers received \$600 million less for that larger volume of production in 1957 than for the more limited volume in 1952. And, in contrast, consumers paid food processors and marketing middlemen \$6.1 billion, or 25 percent, more in 1957 than in 1952, for hauling, processing and handling the food between the farm gate and the retail counter.

Thus, in 5 years—comparing 1957 with 1952—we have witnessed these deteriorating circumstances in agriculture:

Total farm production (including fiber and other nonfood crops): Up 6 percent in spite of record carryovers.

Farm prices: Down 16 percent.

Farm parity ratio: Down 18 percentage points.

Realized net farm income: Down 19 percent, lowest point since 1942.

Purchasing power of that farm income: Down 23 percent, lowest since 1940.

Farm debt: At a record high, above \$20 billion.

Farm population: Declined 12 percent, from 24,283,000 in 1952 to 20,396,000 in 1957.

In 1952, net income per farm in the United States averaged \$2,789; in 1957, 5 years later, net income per farm had dropped to \$2,496. In contrast the income of the average nonfarm family of 3 persons increased from \$5,499 in 1952 to \$6,135 in 1957.

In 1957, the returns to all farmworkers for their labor and management reached a low of 69 cents an hour, while the average wage of industrial workers reached a high of \$2.07 an hour.

### THE CONSUMER

In America, the wage earner pays a smaller part of his income for food than in any other place in the world. Notwithstanding the great increases in the costs of transporting, processing and marketing food in recent years, the average hourly pay of factory labor today generally will buy twice as much food as in 1929, prior to the beginning of the farm program.

The following table I, prepared by the Department of Agriculture, sets forth clearly that consumers receiving wages and salaries are required to work fewer and fewer hours to purchase food, as compared with former years:

TABLE I.—*Quantity of each item that could be purchased with 1 hour of factory labor, United States, designated dates*

Item	Unit	1929	1939	1949	1952	1957	April 1958
Bread, white.....	Pound.....	6.4	8.0	10.0	10.5	11.0	11.0
Round steak.....	do.....	1.2	1.8	1.6	1.5	2.2	2.0
Pork chops.....	do.....	1.5	2.1	1.9	2.1	2.4	2.3
Sliced bacon.....	do.....	1.3	2.0	2.1	2.6	3.6	2.7
Butter.....	do.....	1.0	1.9	1.9	2.0	2.8	2.9
Cheese.....	do.....	1.4	2.5	2.7	2.8	3.6	3.6
Milk, fresh (delivered).....	Quart.....	3.9	5.2	6.7	6.9	8.3	8.5
Eggs, fresh.....	Dozen.....	1.1	2.0	2.0	2.5	3.6	3.6
Oranges.....	do.....	1.3	2.2	2.7	3.3	3.6	2.7
Potatoes.....	Pound.....	17.7	25.3	25.5	22.0	36.3	25.7
Tomatoes (canned) <sup>1</sup> .....	No. 2 can.....	4.4	7.4	9.2	9.5	13.8	12.0
Margarine.....	Pound.....	2.1	3.9	4.5	5.7	6.9	7.1

<sup>1</sup> No. 2 can 1914, September 1953; No. 303 beginning October 1954.

Source: Agricultural Marketing Service. Calculated from data compiled from reports of the Bureau of Labor Statistics.

The retail cost of a number of food items rose in the early months of 1958. This in part reflected higher prices at the farm level. The temporary farm price increase primarily was the result of (1) severe winter freezes in the South which destroyed vegetable and fruit crops, (2) the end of 7 years of drought in the Plains States which created a heavy demand for cattle to restock the plains where pasture now is flourishing again, and (3) to the fact that cattle, hog and sheep producers all decided to hold back animals and rebuild their breeding herds in the same year.



Irrespective of the cause, the increased retail costs of meat, vegetable, and fruit items at the retail counter has been reflected in some complaints from consumers. A number of those who complain blame farmers for high food costs.

However, even if these temporary higher prices for some farm products should prevail throughout the year, farmers still would receive a smaller return in 1958 than in 1952 for the basic foods consumed by the average family.

The Department of Agriculture estimates each month, on the basis of current prices at the farm and on the retail counter, the annual costs of the basic items of food for the average family. The reports on this family "market basket" show that, on the basis of prices prevailing during the first 3 months of this year, the farmers will get \$436 in 1958 for all the items in the "basket," a decrease of \$46 from the \$482 received in 1952. However, the consuming family, by the Department's figures, will pay \$1,054 for the "basket" items in 1958, an increase of \$20 over the \$1,034 paid for the same times in 1952. This increase will occur because marketing costs are substantially higher than in 1952, more than offsetting the smaller return received by farmers. The Department computations indicate that the cost of processing and distributing the market basket items has increased from \$552 in 1952 to \$618 in 1958. The items in the "basket" include meat and dairy products, poultry and eggs, bakery and cereals, fruits and vegetables and fats and oils.

The following table II sets forth the family food costs in detail. The figures under the columns headed "first quarter 1958" indicate what the annual costs would be on the basis of the costs prevailing during the first 3 months of this year.

TABLE II.—*Cost of the annual market basket of farm food products for the average family, 1952 and 1st quarter, 1958*

Item	Retail cost		Net farm value		Marketing margin		Farmer's share	
	1952	1st quarter, 1958	1952	1st quarter, 1958	1952	1st quarter, 1958	1952	1st quarter, 1958
Market basket.....	\$1,034	\$1,054	\$482	\$436	\$552	\$618	Percent 47	Percent 41
Meat products.....	290	282	181	161	109	121	62	57
Dairy products.....	191	196	101	89	90	107	53	46
Poultry and eggs.....	114	98	76	62	38	36	66	64
Bakery and cereals:								
All ingredients.....	141	159	33	32	108	127	17	20
Grain.....			24	24				15
All fruits and vegetables.....	215	231	70	70	145	161	33	30
Fresh.....	129	141	53	54	76	87	41	38
Fats and oils.....	41	45	13	13	28	32	32	29

Source: Agricultural Marketing Service, June 5, 1958.

The following table III clarifies in additional detail the responsibility of marketing costs in the retail food price structure. As heretofore noted, farmers received \$600 million less for the larger volume of food consumed in 1957 while the marketing costs increased by 25 percent, as compared with 1952.

TABLE III.—*Farm values and food marketing costs—All farm foods consumed by domestic civilians*  
[In billions of dollars]

	Farm value	Marketing bill	Retail cost
1952.....	20.1	24.4	44.5
1953.....	19.0	25.6	44.6
1954.....	18.3	26.6	44.9
1955.....	18.3	27.9	46.2
1956.....	18.8	28.9	47.7
1957.....	19.5	30.5	50.0

#### FARM POLICY—A REVIEW

The farm program came into being when agriculture was bankrupt. This program was based upon the "parity principle." It embodies the computation of prices at which farm commodities should sell to maintain agriculture in a reasonable income relationship with other large segments of the economy. The "parity price" of a farm commodity, thus, is based upon the prices of things farmers must buy—tractors, fuel, fertilizer, seed, insecticides, etc.—and the parity price goes up or down with the prices of these things, fluctuating as do some wage rates in industry that are tied to the cost of living.

To maintain farm prices at reasonable levels, the Government usually makes loans on storable crops at a stipulated percentage of parity, although in some cases direct purchases are made by the Government. For major crops, the price support level was 90 percent of parity from 1942 until the enactment of the "flexible" price-support law in 1954. Here are a few notes on how the program has worked:

**For farmers:** For 11 consecutive years prior to 1953, the average prices paid to farmers were at or above 100 percent of parity. In 1953, farm prices dropped to 92 percent of parity, in 1954 to 89 percent, in 1955 to 84 percent, in 1956 to 83 percent, and in 1957 to 82 percent.

**For consumers:** While this program has operated, American families have had available to them more and better food, for an expenditure of a smaller percentage of their total income, than in any other period of history; and, as heretofore noted, although in recent years retail prices of many foods have increased as farm prices declined, today the average hourly wage of industrial workers will buy twice as much food as in 1929.

**Cost to taxpayers:** The Commodity Credit Corporation supported the prices of major storable crops for 20 years prior to 1953 and, at the end of these 2 decades, this program actually showed a 20-year profit of \$13 million. For the 20 years, the CCC program for all crops, including a number of perishables, showed a loss of only \$1,064 million, and CCC investments in "surpluses" on January 1, 1953 (inventory and loans), amounted to only \$2,452 million.

In contrast, during the past 5 years, due partially to changed economic conditions and partially to the unsympathetic administration of these laws, CCC deficits have amounted to 4 times as much as was lost in the preceding 20 years (slightly more than \$1 billion in 20 years, compared with more than \$4 billion in the last five years). Meanwhile, CCC investments in "surpluses" have increased threefold, from \$2,452 million in 1953 to \$7,250 million in the most recent report.



The following table IV summarizes the costs of the CCC price-support operations—first, for the 20-year period 1933 to 1952, inclusive, and, second, for the 25-year period 1933 to 1957, inclusive.

TABLE IV.—Summary of CCC program results from Oct. 17, 1933, through Dec. 31, 1957 (realized gains and losses)

Program and commodity	Oct. 17, 1933, through Dec. 31, 1952	Oct. 17, 1933, through Dec. 31, 1957
<b>PRICE-SUPPORT PROGRAM (CCC NONRECOURSE LOAN, PURCHASE, AND PAYMENT PROGRAMS)</b>		
<b>Basic commodities:</b>		
Corn.....	<sup>1</sup> \$53, 166, 802	<sup>1</sup> \$673, 020, 646
Cornmeal.....		30, 813, 137
Cotton:		
Extra long staple.....		<sup>1</sup> 6, 146, 942
Upland.....	268, 629, 425	<sup>1</sup> 439, 737, 896
Export differential.....	<sup>1</sup> 41, 361, 218	<sup>1</sup> 41, 361, 218
Puerto Rican.....	<sup>1</sup> 130, 198	<sup>1</sup> 130, 198
Cotton-rubber barter.....	11, 055, 451	11, 055, 451
Peanuts.....	<sup>1</sup> 91, 687, 605	<sup>1</sup> 161, 129, 448
Rice.....	<sup>1</sup> 1, 422, 757	<sup>1</sup> 79, 768, 110
Tobacco.....	4, 585, 150	<sup>1</sup> 4, 326, 570
Wheat.....	<sup>1</sup> 83, 490, 156	<sup>1</sup> 510, 721, 419
Wheat flour.....		<sup>1</sup> 65, 967, 730
Total.....	13, 011, 290	<sup>1</sup> 1, 992, 067, 863
<b>Designated nonbasic commodities:</b>		
Honey.....	<sup>1</sup> 873, 405	<sup>1</sup> 868, 646
Milk and butterfat:		
Butter.....	<sup>1</sup> 48, 286, 347	<sup>1</sup> 430, 421, 755
Butter oil.....		<sup>1</sup> 121, 205, 843
Cheese.....	<sup>1</sup> 25, 021, 168	<sup>1</sup> 302, 514, 035
Milk:		
Dried.....	<sup>1</sup> 58, 215, 868	<sup>1</sup> 518, 832, 477
Fluid.....		<sup>1</sup> 187, 301, 019
Whey.....		<sup>1</sup> 3, 584, 209
Subtotal.....	<sup>1</sup> 133, 396, 788	<sup>1</sup> 1, 563, 859, 338
Potatoes, Irish.....	<sup>1</sup> 478, 080, 248	<sup>1</sup> 478, 577, 870
Tung oil.....	<sup>1</sup> 78, 904	<sup>1</sup> 1, 063, 125
Wool.....	<sup>1</sup> 92, 163, 834	<sup>1</sup> 113, 829, 214
Total.....	<sup>1</sup> 702, 719, 774	<sup>1</sup> 2, 158, 198, 193
<b>Other nonbasic commodities:</b>		
Barley.....	<sup>1</sup> 9, 621, 953	<sup>1</sup> 101, 663, 747
Beans, dry, edible.....	<sup>1</sup> 31, 860, 759	<sup>1</sup> 72, 679, 309
Castor beans.....	<sup>1</sup> 171, 193	<sup>1</sup> 171, 193
Cotton, American-Egyptian.....	<sup>1</sup> 273, 760	28, 827
Cottonseed and products.....	<sup>1</sup> 15, 360, 619	<sup>1</sup> 116, 786, 256
Eggs.....	<sup>1</sup> 189, 704, 186	<sup>1</sup> 189, 698, 695
Flax fiber.....	<sup>1</sup> 397, 113	<sup>1</sup> 397, 113
Flaxseed and linseed oil.....	<sup>1</sup> 66, 065, 232	<sup>1</sup> 166, 034, 288
Fruit, dried.....	<sup>1</sup> 14, 882, 320	<sup>1</sup> 14, 882, 320
Grain sorghum.....	<sup>1</sup> 35, 804, 103	<sup>1</sup> 183, 384, 438
Grapefruit juice.....	<sup>1</sup> 1, 732, 374	<sup>1</sup> 1, 732, 374
Hemp and hemp fiber.....	<sup>1</sup> 21, 459, 155	<sup>1</sup> 21, 459, 155
Hops.....	<sup>1</sup> 954, 200	<sup>1</sup> 954, 200
Naval stores.....	<sup>1</sup> 1, 372, 873	<sup>1</sup> 815, 375
Oats.....	<sup>1</sup> 1, 338, 827	<sup>1</sup> 86, 962, 650
Olive oil.....		<sup>1</sup> 578, 132
Peas, dry, edible.....	<sup>1</sup> 889, 436	<sup>1</sup> 824, 436
Pecans.....	<sup>1</sup> 3, 751	<sup>1</sup> 3, 751
Rye.....	<sup>1</sup> 159, 455	<sup>1</sup> 17, 448, 925
Rye flour.....		7, 080
Seeds.....	<sup>1</sup> 1, 349, 516	<sup>1</sup> 38, 705, 486
Soybeans.....	4, 376, 694	<sup>1</sup> 1, 577, 300
Sugar, Puerto Rican and Virgin Islands.....	23, 830	23, 830
Sugar beets.....	<sup>1</sup> 16, 517, 269	<sup>1</sup> 16, 517, 269
Sweetpotatoes.....	<sup>1</sup> 135, 421	<sup>1</sup> 135, 421
Turkeys.....	11, 070	11, 070
Vegetables, canned.....	11, 942	11, 942
Total.....	<sup>1</sup> 374, 908, 741	<sup>1</sup> 1, 013, 329, 084
<b>Exchange commodities</b> .....		<sup>1</sup> 10, 151, 648
Total price support.....	<sup>1</sup> 1, 064, 617, 225	<sup>1</sup> 5, 173, 746, 788

<sup>1</sup> Denotes loss.

Although the farm program, as administered in recent years, has not succeeded in preventing a decline in farm prices and farm income, without it farmers would have fared even worse.

Detailed data made available to the committee indicate that the Commodity Credit Corporation, by its price support and supplementary distribution programs in each of the last 5 years, removed a net of from \$1.1 to \$2.5 billion in farm products from commercial markets.

Statistical studies indicate that the demand for farm products is inelastic. A 5-percent oversupply on the market causes farm prices to drop 12.5 percent or more. Employing this ratio, each \$1 of farm products removed from commercial markets by CCC or section 32 (surplus removal) programs increased farm income at least \$2.5. Making these calculations and adding direct Government payments to farmers, the contribution of the farm program to farm income in recent years may be estimated as follows:

TABLE V

Year	Net removal of farm products from commercial markets by Government (billions)	Estimated contribution of programs to farm income (billions)	Realized net farm income (billions)	Contribution of programs as percent of net farm income (percent)
1952.....	\$1.7	\$4.7	\$14.3	33
1953.....	2.7	6.9	13.9	50
1954.....	1.3	3.4	12.2	28
1955.....	1.9	5.1	11.6	44
1956.....	1.3	3.8	12.1	31

## A BASIC OBJECTIVE VERSUS FOUR MYTHS

The farm program, based on the parity principle, was erected upon an awareness in the Congress that agriculture is the only major element of our total economy that has no device, outside of the help of Government, to pattern its production to market needs; that farmers have no way of measuring what should be their individual contributions to a balanced national supply of food and fiber without Government help; that farmers have virtually no bargaining power in the commerce they conduct; that agriculture is the only major industry that does not set its prices but goes into the market place and asks: "What will you give me?"

Thus the farm program, from its beginning in the 1930's, sought to employ for agriculture the two basic requirements of any successful business in a free-enterprise economy:

(1) To provide machinery whereby producers may adjust their production to market requirements; and

(2) To give the producers a voice in the price of their commodities as they deliver them to the markets.

It is astonishing to this committee, therefore, that the farm program, aspiring to make available to farmers, for use at their own election, these fundamental and time-tested requirements of successful private business, has been assailed in some quarters as an impingement of freedom and as at odds with free enterprise.



National propaganda has been trained against the operation of an effective farm program.

Four great myths have been planted on the farms of America and have yielded a crop of confusion, uncertainty, and doubt, around the future of agriculture. Mistrust has been created among farmers themselves, in their own program.

First, farmers are told that lower prices will solve their problems.

Second, farmers are told that increased efficiency will solve their problems.

Third, farmers are told that movement of people out of agriculture will solve their problems—that is, the problems of those who are left.

Fourth, farmers and the Nation at large are told that the price-support program is responsible for surplus farm production.

The present Secretary of Agriculture—virtually from the day he took office in 1953—has repeatedly told his audiences, principally consumers, that “the farmer is pricing himself out of his markets.” We do not recall that at the same time the people who manufacture tractors, trucks, fertilizer, sell fuel and all the other requirements in the production of food and fiber, have said that their prices are too high. Indeed not, for the costs of things that farmers use in production have been increasing month by month, while farmers’ profits have been going down year by year.

As to the second myth, relating to increased efficiency, recent experience indicates that the improved methods of production have not solved but have intensified the farm problem.

The improvement of efficiency in agriculture in the last few years has been unmatched in any other period of our history. Crop production per acre in 1957 was 40 percent above the 1935–39 average. Total man-hours of labor used for farmwork declined by 34 percent in this 20-year period; yet greater and greater abundance has come from the land. Output per man-hour of farm labor has increased 127 percent. The number of consumers supported by 1 farmworker has doubled, from 10 in the 1930’s to more than 20 today.

Yet for the 5 years 1953 through 1957 the rewards to the farmer and his family constantly declined.

The third myth is as cruel as it is fallacious. It seeks an answer to the farm problem by moving people out of agriculture. The theory seems to be that overall farm output would be reduced, and that total farm income would be divided among fewer farmers.

The fact is that we have experienced the greatest movement of people from our farms in the last few years that we have ever known; yet, total farm output has increased to new record levels. In a discussion of this myth, the question might well be raised as to what would happen to farm income if the population attrition continues and another 1 million of the approximately 5 million farm families go out of agriculture. The annual realized net farm income of around \$11,800 million, when divided among 5 million farms, shows an average per farm income of \$2,360, for investment, management and labor. Divide the same total net of agriculture by 4 million farms and the per farm income still is only \$2,950.

As to the final myth—that price supports are responsible for surplus farm production—we need only to point out that total farm output in 1957 was 6 percent higher than 5 years earlier in spite of a 19 percent decline in net farm income; but the combined production of

the 6 basic crops subject to acreage allotments and price supports was 13 percent lower, not higher, in 1957 than in 1952. Farm output is too great for available market outlets primarily because the technological revolution in agriculture is increasing total farm output faster than commercial markets can absorb it.

These four myths are being employed today to divide and confuse farm people and the general public. This propaganda in spite of its falsity is part of a broad assault upon the farm program.

#### SOME DANGERS AHEAD

Feed grain stocks have been increasing for 5 consecutive years. Another 400 to 500 million bushels of corn or its equivalent in other feed grains from the 1957 crop will be added to the carryover this fall. Even if no feed grains were produced this year, there is sufficient on hand to feed out the usual pig crop in 1959 with enough left over for all the dairy cows, horses and sheep in the United States for a full year.

Department of Agriculture technicians report that had hog production expanded to utilize all the feed grains produced in 1957, hog prices would be about 50 percent lower than the prices expected this summer and fall.

In view of the large backlog of feed grains and current production trends, unless a modernized program is adopted corn and hog producers may expect prices averaging perhaps no higher than 50 to 60 percent of parity in the next few years. They may expect corn prices to average 80 cents to \$1 per bushel and hogs to average \$10 to \$12 per 100 pounds, or about half the recent market prices.

In spite of severe acreage allotments and the soil bank acreage reserve program, wheat producers are expected to produce the third largest crop on record, largely because of favorable weather. It is probable that the wheat carryover at the end of the 1958-59 marketing season will establish a new record.

Without the enactment of H. R. 2954, or other remedial legislation, the Secretary of Agriculture has indicated that the national cotton and rice acreage allotments will be reduced so severely that, in cotton, the domestic textile industry will suffer because of a shortage of quality cotton and export markets will be lost, and, in rice, America's export position will be impaired. Farmers producing both cotton and rice will suffer from the sharp reduction in acres as indicated by the Secretary.

The Secretary has reduced dairy price supports to the minimum permitted by law, 75 percent of parity equivalent for milk used for manufacturing. Yet costs continue to mount and milk production does not decline. Many dairy producers believe they should be allowed to try out a modernized program with moderately higher supports if they are willing to cooperate in balancing production with market outlets.

The legislation presented to the House with this report seeks to guide agriculture around these and other dangers that loom ahead.

#### CONCLUSION

In view of all the evidence presented to the committee, in its many hearings, we must anticipate that farm output will continue to be



excessive in relation to market outlets for the next 10 years or so. This will be true even though prices are allowed to drop further.

To deal with this continuing condition of overabundant supply, we must continue indefinitely the supplementary distribution programs and expand them as needed; or we must adopt forthwith a workable integrated system of production adjustments which will hold output 4 to 6 percent below what it otherwise would be; or we must allow price supports and market prices to fall to levels which will enable all farm production to move through commercial markets.

If the third course of action is followed, as the administration advocates, let no one be misled, farm prices and farm incomes will drop soon and drop sharply. Feed grains and livestock producers will lead the procession in the income debacle. But wheat, cotton, rice, and other producers will not be far behind.

H. R. 12954 faces this situation realistically. It broadens and extends existing supplementary distribution programs. On a commodity-by-commodity basis, it modernizes production quotas and price supports to fit the current situation and maintain farm income in view of the special production and marketing conditions encountered by each group of producers.

This bill had its origin among farmers themselves. Working through a National Conference of Commodity Organizations, representatives of the various crops cast aside the prevailing divisive propaganda and influences and came together in a unified effort to work out their individual commodity problems and to understand the problems of the producers of other crops. The committee and its commodity subcommittees, beginning in January, has held long and exhaustive hearings on the proposals and suggestions of the farmers and their organizations. Everyone who wanted to express his views was heard. Not all of the individual commodity plans placed before the committee had matured sufficiently for inclusion in H. R. 12954, and the plans embraced in the bill have been subjected by the committee and its subcommittees to painstaking and thorough study—in some instances these plans have been revised—to present this well-rounded legislation for the consideration of the House. The cooperation of farmers and so many of their organizations, in drawing this legislation, bodes well for the future of agriculture.

### ANALYSIS OF THE BILL

Following is a title-by-title analysis of the provisions of this bill. Because of the diversified nature of the various titles, a general description of each title is included in this part of the report, instead of in the preceding general statement.

#### TITLE I—EXTENSION AND AMENDMENT OF PUBLIC LAW 480

This title amends and extends the Agricultural Trade Development and Assistance Act of 1954, commonly referred to as "Public Law 480." In the somewhat less than 4 years since its enactment, Public Law 480 has developed into a measure which is not only of substantial importance to American agriculture but has become a major factor in the implementation of this Nation's foreign policy. The amendments herein are of three general types: (1) extension of titles I and II of the act, (2) further refinement and some extension of the purposes

for which foreign currencies accruing under the act may be used, and (3) a restatement of the barter provision of the act in an effort to convince the Department of Agriculture that it is, indeed, the policy of Congress that a barter program should be carried on.

A detailed report of operations under Public Law 480 will be found later in this report, including a discussion of the barter program.

#### *Extension of titles I and II—Additional authorization*

Section 101 extends titles I and II of the act for 1 additional year (through June 30, 1959). It also authorizes sale of an additional \$1.5 billion of agricultural surpluses for foreign currencies under title I. Title II of Public Law 480 authorizes the donation of surplus commodities to friendly nations and friendly peoples in order to provide emergency assistance under various conditions. Since this authority is to be used strictly for emergency and extraordinary relief purposes, the committee considers that the present authorization of \$800 million is sufficient for the coming year and no increase in this amount is authorized.

#### *Barter*

Section 102 amends section 303 of Public Law 480, the section establishing a policy for the barter or exchange of agricultural surpluses for strategic and other materials. Amendment of this section would not be necessary except for the fact that the Department of Agriculture has made certain administrative determinations which have virtually nullified the intent of Congress as expressed in section 303. These administrative determinations were announced on May 28, 1957, were intended to bring an end to the barter program as it had been carried on since the enactment of Public Law 480, and have had that effect. It is the intention of Congress that a barter program substantially similar to that in operation prior to May 28, 1957 should be carried on by the Secretary of Agriculture and this section 102 is a reassertion of that intent and of the constitutional right of the Congress to direct the manner in which surplus agricultural commodities are to be disposed of and establish the general policies of such operations.

Following are the major changes to section 303 made by the provisions of section 102 of this bill:

1. Under the present wording of section 303, the Secretary is directed to barter whenever he "has reason to believe that \* \* \* there may be opportunity to protect the funds and assets of the Commodity Credit Corporation by barter or exchange" of surplus agricultural commodities. The intent of Congress in using this language was to direct the Secretary of Agriculture to enter into barter transactions whenever he found that surplus agricultural commodities could be traded on a businesslike basis for materials or services described in section 303. In making its administrative changes of May 1957, however, the Department interpreted this language to leave this policy determination up to the Secretary. Section 102 would remove the necessity for any such policy determination by the Secretary and direct him to barter to the maximum extent practicable within the annual limit of \$500 million prescribed by the section. By this amendment Congress takes the responsibility for the determination that the barter program itself does provide a method of reducing costs through increasing surplus disposals. The materials taken are transferred to the supplemental stockpile and CCC is reimbursed for



the value of the commodities given in exchange, thereby protecting its assets. While the Secretary is not required to make any determination with respect to the program itself, he is, of course, required to exercise ordinary good business judgment in making trades totaling, if at all practicable, \$500 million. He would still be required to obtain value with respect to each transaction and to acquire materials of eventual value to the United States.

2. The direction of section 303 to barter for materials entailing less risk of loss or substantially less storage charges is at present limited to strategic materials. The amendment would extend this direction to any materials of which the United States does not produce its requirements and which meet the qualifications as to less risk of loss or less storage charges—for example, precious metals and industrial diamonds. This change would provide additional opportunities for barter and assist the Department to expand the program to the full level permitted by this section. The committee also suggests that resumption of barter for lead and zinc might assist in solving the problems facing the domestic lead and zinc industry today.

3. Section 102 limits the value of the surplus agricultural commodities covered by barter agreements entered into in any fiscal year under section 303 to \$500 million. At present there is no limit on the volume of transactions which may be undertaken, it being left to the Secretary's discretion. Since this section now directs the Secretary to undertake a larger program than is provided for by his May 1957 regulations, the section also specified a limit for such expanded program.

4. Action of the Department placing upon potential barter contractors the burden of proving that surplus agricultural commodities disposed of by them under the program would not interfere with dollar sales is a major device used by the Department to curtail the barter program. By its regulations, the Department has limited the areas of the free world into which these surpluses may be moved and has required "certificates of additionality" before it would consider a proposed barter transaction. It is a clear commentary on the Department's attitude toward the whole program that only three such certificates of additionality have been accepted by it since May 1957. The language in section 102 is designed to remove this roadblock to the barter program. It will prevent the Secretary from limiting the areas of the free world into which surplus commodities may be sold under the barter program except where he makes a specific finding as to a particular transaction that that transaction will replace a specific cash sale for dollars. In this connection, the committee means United States dollars. The committee is not unaware that our export programs necessarily involve our relationships with other friendly countries. It has seen no convincing evidence, however, that the barter program involves any unfair advantage over other exporting countries and sees no reason why it, as well as other aspects of our surplus disposal program, cannot be carried out in a fair and friendly manner.

5. Section 102 also amends the existing provisions of section 303 to prescribe that no material shall be excluded from barter under that section by reason of the fact that it has been domestically processed, if provision is made for the importation of an equivalent amount of similar raw material. Convincing evidence was presented to the

committee that exclusion of domestically processed materials from the barter program by the Department has resulted in the diverting of processing operations to other countries with resulting unemployment in the United States. There is also evidence that many barter transactions which would have disposed of very substantial quantities of agricultural surpluses have not been made primarily because of the Department's insistence that the material to be received in exchange could not be processed in the United States.

#### *Section 103*

This section authorizes the use of foreign currencies received from the sale of surplus agricultural commodities for acquisition of sites and buildings and grounds abroad for United States Government use. It would include offices, residence quarters, community and other facilities, and construction, repair, alteration, and furnishing of such buildings and facilities. The section provides that such funds would be available for these purposes only in such amounts as may be specified from time to time in appropriation acts, and would be in addition to funds otherwise made available for such purposes. This section was recommended by the Department of Agriculture in an Executive communication of June 3, 1958, with the approval of the Bureau of the Budget. The acquisition and management of the property acquired thereunder would be the responsibility of the Department of State along with its existing responsibilities in this area.

#### *Section 104*

This section, also, was recommended for inclusion in the bill by the Department of Agriculture in its Executive communication of June 3, 1958. It authorizes the use of foreign currencies received from the sale of surplus agricultural commodities for financing trade fair participation and other activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956. Use of foreign currencies for this purpose will not only permit more effective exhibits and displays to promote sale of United States commodities in countries where foreign currencies are available for this use, but will release, for the purpose of promoting agricultural trade through trade fair exhibits in other countries, some of the dollar appropriations for these purposes. Under Executive order, the Commerce Department is primarily responsible for the trade and industrial fair participation activity.

#### *Section 105*

This section authorizes the use of foreign currencies accruing under title I of the act to be used for financing an intensified and expanded program of locating, evaluating, translating, and obtaining foreign books, periodicals, and other publications outside the United States which are of scientific, technical, and cultural significance in this country. Such programs have been carried on rather intensively by the Library of Congress since World War II and substantial dollar appropriations have been used for this purpose. This section would not only permit the expansion of this valuable work but would very possibly permit the use of some foreign currencies in place of appropriated dollars.



*Section 106*

Under existing provisions of law, certain areas of the world which are the responsibility of the United States are not fully eligible to receive or use our surplus agricultural commodities because they are neither foreign countries nor a part of the United States. These areas include specifically the Trust Islands of the Pacific and the Ryukyu Islands. The purpose of this section is to permit the President to make such areas eligible to participate in the surplus agricultural commodities disposal and distribution programs.

*Section 107*

The purpose of this section is to permit the President to enter into agreements to use foreign currencies from sale of surplus commodities for health programs, literacy and technical training programs, and similar programs not specifically covered by other provisions in this act. The committee intends that these should be cooperative programs, with the United States cooperating with the local government and in some instances other agencies in carrying out these programs. As a general objective, the committee believes that the local government or other interested parties should make an equal amount of funds available for such programs but it is aware that there are certain areas—probably those in the most urgent need of programs of this type—where direct matching of funds on the part of local governments will not be possible. In such instances, the President in his discretion may authorize the use of local currencies by the United States in excess of the amounts contributed to the same projects from other sources.

*Section 108*

This section authorizes foreign currencies generated under title I of the act to be used to a greater extent in our international educational exchange effort.

Subsection (a) amends section 104 (h) to permit the use of such currencies in financing exchanges of persons as authorized in the United States Information and Educational Exchange Act of 1948 (Smith-Mundt Act). These include urban and farm youth and leaders and specialists in such fields as agriculture, labor, education, and industry. The present use of these currencies under section 104 (h) is restricted to exchanges under Public Law 584, 79th Congress (Fulbright Act), which confines itself to exchanges of an academic nature.

Subsection (b) adds a new paragraph to section 104 of the act authorizing the use of these currencies to assist in the expansion and operation of American sponsored schools and educational institutions abroad. The assistance is limited to established schools, sponsored by Americans, that help to create a better understanding abroad of the United States and at the same time develop and train foreign nationals to help themselves. Such schools play an important role in furthering our foreign policy objectives. Assistance that will enable them to improve and expand their facilities and increase their foreign student enrollment will enhance their effectiveness in these areas.

This section provides also for use of these currencies in supporting workshops and chairs in American studies. The workshops would

be of relatively short duration, such as the training of a group of teachers in American history or American educational techniques, and the chairs would be of longer duration. Use would be made of selected educational institutions abroad for these purposes.

#### TITLE II—RICE

This title sets the national acreage allotment for the 1959, 1960, and 1961 crops of rice at not less than the national acreage allotment for the 1958 crop. It also suspends for these 3 years the so-called "escalator clause" of the 1949 act which requires that the level of price support be adjusted according to supply. Section 201 will permit the Secretary to establish the support level at any point between 75 percent and 90 percent of parity which he determines proper after taking into consideration the factors he now considers in establishing support levels for feed grains and other crops for which price support is not mandatory.

The 1958 crop of rice is being supported at 75 percent of parity. The Department of Agriculture has indicated that, in the absence of this or other legislation, the national rice allotment in 1959 would be reduced almost 40 percent from the 1958 allotment of 1,652,596 acres.

#### TITLE III—COTTON

Section 301 establishes a new price support and acreage allotment program for the 1959, 1960, and 1961 crops of cotton. Essentially, it is designed to give farmers themselves a choice between (a) expanding their acreage by as much as one-third above the 1958 allotment and accepting price supports at a level which may be as low as 60 percent of parity or (b) staying within an acreage allotment substantially the same as 1958 and receiving price supports at a higher level. It is assumed that the national acreage allotments in 1960 and 1961 will be approximately the same as that estimated for 1959, or slightly larger.

The present method of computing the national acreage allotment is suspended for the 3 years in which this program is effective and, instead, the national acreage allotment would be the acres needed, on the basis of the national average yield, to produce not less than the number of bales of cotton required to meet estimated domestic consumption and exports. The present estimates of the Department of Agriculture are that for 1959 domestic consumption plus exports would equal about 13 million bales, resulting in a national acreage allotment for 1959 of approximately 17,770,000 acres. The 1958 acreage allotment is approximately 17,390,000 acres.

Each cotton farmer in the United States will receive his farm allotment for the 1959-61 crops just as he now receives it and it will, presumably, be about the same size as his 1958 allotment, with minor variations due to shifts in State and county acreage history. Those farmers who elect to stay within this acreage allotment will receive price support in 1959 at not less than the percentage of parity applicable to the 1958 crop (currently estimated at 83 to 84 percent), in 1960 at not less than 80 percent of parity, and in 1961 at not less than 75 percent of parity.



Prior to the referendum on cotton marketing quotas the Secretary will announce the percentage by which each farmer with a cotton allotment may expand his production and the percentage of parity at which cotton will be supported for those producers who choose to expand their acreage. The bill provides that the Secretary may permit an acreage increase of up to one-third and may establish the level of support for producers who elect to follow the B program of increased acreage as low as 60 percent of parity. Both the exact amount of the permitted acreage increase and the level of price support for the B program are discretionary with the Secretary and will be established by him for each of the three crops. The expanded acreage (over and above the regular acreage allotment) of those farmers who choose to plant the increased acreage under program B will not be counted as history for either farms, counties, or States.

Farmers who elect to plant the expanded acreage under the B program and receive the lower level of price support will have available to them the usual CCC loans on their crop under the usual conditions of eligibility. A farmer who elects to follow the B program cannot release to the county committee for reapportionment any of his cotton acreage for that year and if he operates more than one farm and elects to follow the B program on one farm, he must follow it on all. A decision made by a farmer will be binding on him for 1 crop year but need not be followed in the next crop year. The decision must be made each year prior to planting time and will be made pursuant to regulations carried out through the county committees.

The cotton producer who elects to follow the A program must stay within his usual acreage allotment. Price support for such producers will be carried out through a purchase program with the CCC taking title to cotton produced under the A program and later reselling it.

The price at which CCC may resell the cotton acquired under the A program, or any other cotton acquired under price-support operations, is established at not less than 10 percent above the level of support for the B program plus reasonable carrying charges. This would mean that, if the support level for the B program were set at 60 percent of parity by the Secretary, the selling price of cotton could not be less than 66 percent of parity plus carrying charges.

The provisions of section 301 merely suspend, and do not repeal, the existing provisions of law with respect to cotton acreage allotments and price support. They leave in full effect any provisions of the Agricultural Act of 1938, as amended, and the Agricultural Act of 1949, as amended with respect to cotton which are not suspended directly or by necessary implication by the provisions of section 301.

Remaining in effect, among other provisions, is that requiring an annual referendum of cotton producers on marketing quotas. If cotton producers vote in favor of marketing quotas in the annual referendum for each of the crops during the 1959-61 period, the program provided in this section will be in effect for that crop. If producers vote against marketing quotas in any such referendum, no marketing quotas will be in effect and price supports will be at 50 percent of parity, in conformity with existing provisions of the Agricultural Act of 1949.

*Small-farm allotments*

Section 302 provides that the special national reserve of cotton acreage for small cotton farms shall continue in effect for the crops of 1959, 1960, and 1961 except that the full amount of acreage needed for the small-farm reserve will come out of the national acreage allotment.

The purpose of this reserve is to provide acreage with which to bring cotton producers eligible for a "minimum allotment" of 4 acres or their highest planted in the preceding 3 years, whichever is smaller, up to that minimum allotment. The provision was added to the law in 1956 and was applicable only to the 1957 and 1958 cotton crops. It originally provided only 100,000 acres for this purpose and this in addition to the national acreage allotment.

As extended for 3 years by section 302, this provision will permit the full acreage necessary to make up these minimum allotments (estimated at 175,000 acres for 1959) to be taken out of the national acreage allotment. It will be distributed to States and counties on the basis of the needs for such acreage established in connection with the 1957 and 1958 cotton allotments.

It is not intended that the special allotment for Nevada shall operate so as to increase that State's regular allotment by 1,000 acres each year.

*Loans on spotted cotton*

Section 303 would write into law the requirement that in adjusting the support price of cotton on the basis of grade, the Secretary should establish separate price-support rates substantially reflecting the usual trade differentials, for "spotted cotton" and for "light spotted cotton." Such a distinction is made by the cotton trade, which consistently pays a higher price for "light spotted cotton" than it does for "spotted cotton." The distinction is also made by the Department of Agriculture grading service which grades cotton as "spotted" and "light spotted." In carrying out its price-support program, however, the Department has consistently refused to recognize this difference in grade and provide a slightly higher loan level for cotton grading "light spotted" than it does for that graded "spotted." The provisions of this section would not require the establishment of any new loan rates other than those for "light spotted" cotton.

*Apportionment of cotton on the basis of previous allotment*

Section 304 will permit the making of cotton allotments for "old farms" (those which have a history of planting cotton within the previous 3 years) on the basis of their previous year's allotment, rather than by refactoring each farm's allotment each year on the basis of its history or adjusted cropland. Farm allotments are now made in this manner in the case of tobacco, rice, and peanuts. In the case of cotton, however, the county committee has been obliged by the specific provisions of the cotton law to compute each farm allotment anew each year. This provision would save a substantial amount of work in the county committee by permitting the figuring the farm cotton allotments on the basis of the previous year's allotment, as is done for the other crops, where it has been found to be more satisfactory to producers. Use of this method of making allotments would not affect the establishment of minimum allotments nor the use of the State and county reserves.



## TITLE IV—WOOL

This title extends the National Wool Act for 3 years (through the 1961 clip) and approximately doubles the amount of money which will be available, in case it is needed for price-support payments.

The National Wool Act, enacted as part of the Agricultural Act of 1954, provides for a price-support program for wool to be carried out by means of direct payments to wool producers. Wool is marketed by producers in the usual manner and after the close of the marketing year, the Secretary makes a direct payment to the producer of the difference per pound between the average market price of wool for that year and the price-support level previously announced by the Secretary. This level is established, pursuant to the provisions of the act, at an incentive level calculated to increase the domestic production of wool. The level of price support for the 1958 wool marketing season is 95 percent of parity.

The act further provides that payments to producers made thereunder shall not at any time exceed an amount equal to 70 percent of the accumulated total of the gross receipts from specific duties collected on and after January 1, 1953, on articles subject to duty under schedule 11 of the Tariff Act of 1930, as amended (wool and wool products). Although this limitation has thus far permitted the Secretary to make all payments scheduled under the act, Department officials estimate that the amount of payments might soon outrun the legal limitation. Therefore, sections 402 and 403 amend this limitation to provide that 70 percent of all tariff duties collected under schedule 11 (ad valorem duties as well as specific duties) may be used in making payments under the Wool Act and are automatically appropriated to CCC in order to reimburse the Corporation for such payments.

## TITLE V—WHEAT

Title V is the "domestic parity plan for wheat" which was originally sponsored in the House by former Representative Clifford R. Hope, of Kansas. It provides for the continuation of the present acreage allotment program, but marketing quotas for wheat would be discontinued and replaced by the provisions of this bill. The title will become effective only if the program is approved by more than 50 percent of the wheat producers voting in a referendum. If it is rejected, the present program would continue.

Under the program authorized by this title, the price-support level for wheat would be established by the Secretary after taking into consideration (1) the supply of wheat in relation to the demand, (2) the price-support level at which feed grains are being supported and the feed value of wheat in relation to such grain, (3) the provisions of any International Wheat Agreement, (4) foreign trade policies, and (5) other factors affecting international trade in wheat. Pursuant to these requirements, it is anticipated that the Secretary would set the support price for wheat in the neighborhood of the support price for corn, which is currently 42 cents per bushel below that of wheat.

Regulated by this support price, all wheat would move on an open market without restriction. Farmers who overplanted their allotment would not be prevented from marketing their wheat, or required to pay a penalty, as under existing laws relating to wheat quotas, but

would simply be ineligible for price support and for reimbursement through domestic marketing certificates.

Prior to the beginning of each marketing year, the Secretary would estimate the percentage of the anticipated wheat crop which would be used domestically for human food. This is normally in the neighborhood of 50 percent of the wheat crop. The domestic food percentage thus determined by the Secretary would then be applied to each farm wheat allotment and would be called the farm "domestic food quota." If, for example, the Secretary determined that exactly 50 percent of the coming wheat crop would be used in the United States for food purposes, the domestic food quota for each wheat producer would be 50 percent of the farm acreage allotment multiplied by the normal yield of wheat per acre for the farm.

Also prior to the start of each marketing year, the Secretary would estimate the price at which the wheat crop would be sold in that marketing year and would issue to each eligible wheat producer certificates for the number of bushels in his domestic food quota valued at the difference per bushel between the estimated market price of wheat and 100 percent of parity. These certificates would be redeemed for cash by the Commodity Credit Corporation. The bill provides that in order to be eligible to receive these certificates, the producer must stay within his acreage allotment and must actually have planted for harvest as grain a sufficient acreage of wheat to meet his domestic food quota.

The cost of the domestic marketing certificates issued to farmers will be paid by millers and others who process wheat for consumption as food within the United States. Each company or person processing wheat for domestic food use will be required to purchase a certificate from the Commodity Credit Corporation at the same value per bushel as the certificates which have been issued to the farmers. Thus, the cost to the Government of the certificate program will be only the cost of administration. To simplify administration, the bill provides that millers and processors may post a bond with the Secretary in lieu of actually buying a certificate for each bushel of wheat, and make a periodic payment of the certificate fees. In order to meet the terms of present International Wheat Agreement, some export subsidy will probably continue to be required even under the domestic parity program, but this will be only one-fourth to one-third of the subsidy now required to move each bushel of wheat into the export trade.

Although the provisions of this bill will result in millers and other wheat processors paying, in effect, the full parity price for wheat used for domestic food purposes (currently \$2.42 per bushel) price studies by the Department of Agriculture indicate that this should have little noticeable effect on prices paid by consumers for bread and other wheat products. The cost of the wheat going into bakery products is such a small part of the total cost of those products that their prices are peculiarly unresponsive to the price of wheat. For example, in January 1948, the farm price of wheat was \$2.81 a bushel and the average price of a 1-pound loaf of bread was 13.8 cents. By April 1958, the farm price of wheat had dropped to \$1.95 per bushel but the average price of a loaf of bread had increased to 19.1 cents. Thus, while the price of wheat declined 31 percent, the price of bread increased 38.4 percent. At current prices, the farmer gets between 2.6 and 3.2 cents for the wheat in a loaf of bread.



Like most of the other titles of this bill, title V relates to only the 3 years 1959, 1960, and 1961. The title provides that wheat producers will vote in the next regular wheat marketing quota referendum on whether they want the domestic parity plan for wheat (as provided by title V) or the present wheat marketing quota and price-support program. If more than 50 percent of the producers voting in the referendum favor the domestic parity plan, that program will go into effect for the wheat crop upon which the referendum is held and any subsequent crops in the 1959-61 period.

Adoption of the provisions of title V will eliminate the problems faced by the small, noncommercial wheatgrower who wants to produce wheat primarily for feed on his own farm or as a rotation crop. Under present provisions of law, any farmer may produce up to 15 acres of wheat without becoming subject to marketing quotas and marketing quota penalties. If his allotment is less than 15 acres, however, and he exceeds the 15-acre exemption, he becomes subject to the full penalties provided by law for exceeding marketing quotas. This is true whether or not the wheat is fed on the farm where produced. Recently, another exemption has been provided by law for farmers who feed on their own farms all the wheat they produce. By making proper application to the county committee, such farmers may grow up to 30 acres of wheat without liability under marketing quota penalties. All of the wheat grown under this exemption must be used on the farm where it is produced and none of it may be marketed in any form without subjecting the producer to penalties on his entire wheat crop.

Under the provisions of title V these small wheat producers would be entirely free of marketing quotas and attendant penalties for violation of those quotas. All wheat farmers would receive acreage allotments under the provisions of this title but the only penalty for exceeding such allotments would be loss of eligibility for price supports and for domestic marketing certificates. There would be no penalty for exceeding marketing quotas, as under existing law.

#### TITLE VI—MILK

Section 601 sets up a price-support marketing quota program designed to support the price of manufacturing milk to farmers at 90 percent of parity without cost to the Government, in contrast to the present dairy price support program which cost the Commodity Credit Corporation \$440 million in the fiscal year 1955, \$449 million in fiscal 1956, \$289 million in fiscal 1957, and \$255 million in the first 10 months of this current fiscal year.

The section establishing the new program for milk relates only to the 3 marketing years beginning in 1959, 1960, and 1961. The program would go into effect for these 3 years only if a majority of the milk producers voting in a referendum favor the new program. If a majority do not vote in favor of the new program, the present program of supporting milk and butterfat prices by a purchase and disposal program at a support level determined by the Secretary between 75 and 90 percent of parity would continue in effect.

Under the program authorized by section 601, the decision as to the invoking of quotas on milk and the amount of such quotas would be made by a Federal Dairy Board of 15 persons appointed by the

President from nominees selected by milk producers. Not later than March 1 of each calendar year in which the program is in effect, the Board must estimate for the marketing year which starts on April 1 what the price of manufacturing milk would be in the absence of any Federal price-support operations. If it finds that the price would be less than 90 percent of the parity equivalent price for manufacturing milk it may invoke quotas and require compliance with such quotas as a condition of eligibility for price-support payments under the program.

When quotas are invoked by the Board, they would be applied uniformly to each milk producer (including those who market their milk in the form of cream) on a percentage basis.

Paragraph 2 of the section provides for the establishment of a base for each milk producer. When marketing quotas are invoked by the Board they would be applied on a uniform percentage basis against the base established by the Secretary for each producer. Marketing quotas would apply to all milk producers who sell milk or cream for commercial use. Quotas would not apply to milk or cream sold by the producer direct to a noncommercial consumer.

The bill provides a formula for the guidance of the Board in establishing quotas, authorizing a reduction of 2 percent from the farm marketing base for each 5 percent of the parity equivalent price which the Board estimates the average market price of manufacturing milk would be below 90 percent in the absence of Federal price-support operations. Thus, if the Board estimates that in the coming milk marketing year the average market price in the absence of support programs would be 80 percent of parity for manufacturing milk, it would be authorized to set marketing quotas as much as 4 percent below the farm base. If the estimated price were 70 percent of parity, the Board could set farm marketing quotas at 8 percent below the base.

If the Board establishes marketing quotas at the lowest level authorized by paragraph (3) of the section, the Secretary is required to support the price of manufacturing milk at 90 percent of parity. The Board is not required to set the quota at the minimum figure provided by the bill, however, and may exercise its option to set the quota at a higher percentage of the farm base. If it does this, the Secretary is authorized to reduce the level of price support by 3 percentage points of parity for each 1 percent of the farm base that the Board establishes quotas above the minimum provided in paragraph (3). Thus, if the Board estimates the free market price of milk for the coming year at 80 percent of parity, a marketing quota 4 percent below each producer's base would be authorized. If the Board sets the quota at that figure, the Secretary is required to support manufacturing milk at 90 percent of parity. If the Board in its discretion sets the quota at only 3 percent below the farm base, instead of the full 4 percent authorized by the bill, the Secretary could, at his discretion, reduce the level of price support to 87 percent of parity.

Under existing law, price supports for milk and butterfat are carried out by purchases of the products of these commodities—primarily butter, cheese, and dry skim milk. This method of support would be discontinued under the provisions of this title and price supports to dairy producers would be carried out only by means of payments from the Commodity Credit Corporation direct to those producers who



complied with their marketing quotas. Money for these payments would come out of Commodity Credit Corporation funds and would be appropriated to the Corporation in the usual manner but the total amount of such price-support payments in any marketing year would be limited to the amount of "compliance deposits" forfeited in that marketing year by milk producers.

Compliance deposits as provided in paragraph (4) to encourage compliance by producers with marketing quotas will be collected from all producers who sell milk into commercial channels. The amount of the compliance deposit would be set by the Board at not less than 25 cents nor more than 50 cents per hundredweight of milk (or an equivalent amount on cream) to encourage compliance with producer marketing quotas. The deposit will be collected by the first purchaser of the milk and turned over to the Treasury, where it will be kept in a special fund. If the producer complies with his marketing quota, the full amount of his deposit will be refunded to him after the close of the marketing year. If the producer does not comply with his marketing quota, the full amount of his compliance deposit will be forfeited and will go into the general funds of the Treasury. The amount of price-support payments which may be made in any one year is limited by the total amount of the deposits forfeited in this manner.

The overproduction of milk in the United States has been running in the neighborhood of 5 percent. All of this 5 percent overproduction goes into manufacturing uses—such as ice cream, cheese, butter, and other dairy products. Department of Agriculture studies show that the price of manufacturing milk responds directly and quickly to changes in supply so that a reduction of 5 percent in the overall supply of milk reaching commercial markets would probably result in a market price for manufacturing milk of approximately 90 percent of parity. If it did not result in the price reaching 90 percent, the difference between the market price and 90 percent of parity (assuming support at 90 percent of parity under the provisions of this title) would be made up to milk producers who complied with their marketing quotas, in the form of the direct payments described above, within the limitations on such payments established by this title.

Manufacturing milk is currently being supported by the Department of Agriculture, by means of purchase and disposal of dairy products, at \$3.06 per hundredweight, which is 75 percent of parity. If a quota program such as is provided in this title were to increase manufacturing milk prices to 90 percent of parity, this would mean a price of approximately \$3.67 per hundredweight to producers. This would doubtless result in some increase in the price of butter, cheese, and similar manufactured dairy products to consumers but it would end the Government subsidy of dairy products and result in a saving of several hundred million dollars a year to taxpayers, most of whom are also consumers.

Such an increase in the price of manufacturing milk would not necessarily mean any increase in the price of fluid milk to consumers. The price of class 1 milk (that which goes into bottles as fluid milk or cream) in many of the major consuming areas is set either by State or Federal orders or regulations without regard to the price of manufacturing milk. In other fluid market areas, the price of manufacturing milk is only one of many factors taken into consideration in

establishing fluid milk prices. In many areas under Federal milk marketing orders, returns to farmers selling their milk into the fluid market would be fully as large as their present returns without any increase in the price of class 1 milk. The reason for this is that in most markets a relatively high percentage of the milk delivered by farmers (in some of the larger markets as much as 50 percent) is surplus to the fluid milk needs of the market and goes into manufacturing uses. For this milk the farmer receives the manufacturing price. If the price he receives for this manufacturing milk is increased substantially by this program his "blend price" (the price he receives on the average for all milk delivered) will be increased proportionately and such increase may well offset completely the reduced volume of milk delivered under the marketing quotas.

#### *Announcement of support level*

Section 602 requires the Department of Agriculture, in announcing the support level for manufacturing milk, to announce a corresponding support price for manufacturing milk containing 3.5 percent butterfat. The Department's price-support announcement is customarily made in terms of the national average butterfat content which is approximately 3.9 percent. This will in no way change the legal requirement as to the support level on milk or the method of its computation.

#### *Certification of support price*

Section 603 requires that when the Secretary is supporting the price of milk by loans on or purchases of milk and dairy products he shall require a certificate from the vendor of any such products that producers were paid for their milk or cream a price equivalent to the price-support level in effect at that time.

#### *School milk program*

Section 604 extends the school milk program for 3 years (through June 30, 1961). This program would not be affected by the enactment and adoption by producers of the marketing quota program authorized in section 601.

#### *Veterans and armed services milk program*

Section 605 extends for 3 years (until December 31, 1961) the program under which surplus dairy commodities are made available to Veterans' Hospitals.

Section 606 extends for 3 years (until December 31, 1961) the program under which surplus dairy products are made available to the armed services and adds to the eligible recipients the Coast Guard and the United States Merchant Marine Academy. The programs extended by this section and section 605 would become inoperative in the event the milk marketing quota program authorized in section 601 is adopted because the law authorizing the Veterans' Administration and armed services programs limits the obligation of the CCC to provide such commodities to dairy products acquired by the Corporation through price-support operations and not disposed of as otherwise provided by law. Under the program authorized in section 601 the CCC would cease to acquire dairy products in its price-support operations.



*Price-support determination*

Section 607 removes from the basic price-support law the requirement that the Secretary make an "adequate supply" determination in establishing the level of price support for milk and butterfat. Under the present provision of law, the Secretary is directed to establish the level of price support at such level between 75 and 90 percent of parity as he determines necessary "in order to assure an adequate supply."

The amendment made by this section strikes out the words referring to adequate supply and permits the Secretary complete discretion in establishing the level of price support between 75 and 90 percent of parity.

## TITLE VII—FEED GRAINS

Under provisions of the feed grain title the Secretary would be directed to conduct a referendum of certain oats, rye, or barley producers and of producers on farms for which a 1959 corn-sorghum base of more than 30 acres had been established to determine for the 1959, 1960, and 1961 crops (1) whether they favor a program of price support or no program for such crops, and (2) whether they favor the price-support program provided for in subtitle III of the bill or whether they favor the price support program provided for in subtitle IV of the bill. If a majority of those voting in the referendum vote for a program of price support, the Secretary would be directed to carry out the program receiving a majority of the votes cast on part II of the ballot, otherwise there would be no program for corn or grain sorghums.

## SUBTITLE III

If subtitle III of the bill is favored by producers, acreage allotments and marketing quotas would be in effect for feed grains (corn and sorghum) during the 3 years 1959, 1960, and 1961. However, marketing quotas would not apply to farms on which the acreage planted to feed grains is below the highest acreage planted during 1955, 1956, and 1957 but not in excess of 30 acres, unless producers on such farms choose to participate in the program. A marketing penalty of \$1 per bushel would be imposed on the marketing excess of any applicable farm.

Under this subtitle, the national feed grain base would be 102 million acres, and the national feed grain allotment (corn and sorghums) for 1959 would be 81,600,000 acres or 20 percent less than the national base acreage. For 1960 and 1961, the national feed grain allotment would be determined by the Secretary at not less than 81,600,000 acres nor more than 91,800,000 acres. Both the national feed grain base and the national feed grain allotment would be apportioned to States, counties, and farms on the basis of the average acreage of corn and sorghums planted and diverted during the years 1955, 1956, and 1957, with adjustments for abnormal weather conditions in a manner quite similar to the present law. The bill also establishes a farm conservation base which is composed essentially of nontillable farmland.

Producers complying with their farm feed grain allotments would be compensated at a specified rate for the normal production on the reduced acreage. In this connection, producers receiving farm feed

grain allotments in excess of 30 acres could voluntarily agree to reduce their acreage down to 50 percent of their base and receive compensation therefor and producers receiving allotments of less than 30 acres could voluntarily agree to reduce their acreage by not less than 20 percent up to 100 percent of their farm feed grain base and receive compensation therefor.

Compensation per acre for such reduction would be at the rate of 66 percent of the normal yield of the farm for feed grains (corn and sorghums) multiplied by 80 percent of the parity price for corn. The rate could not exceed \$75 per acre. For 1959 not more than 50 percent, and for 1960 and 1961 not less than 50 percent of such compensation would be in the form of negotiable certificates which the Commodity Credit Corporation would redeem in grains in accordance with regulations prescribed by the Secretary. If CCC stocks of grain are insufficient to redeem such certificates in grain or it is impracticable to redeem the certificates in grain, the certificates would be redeemed in cash. The remainder of such compensation would be paid through negotiable certificates redeemable in cash.

To be eligible for compensation the producer (1) must not exceed his farm feed grain allotment, (2) must increase his farm conservation base by an acreage equal to the number of acres by which he reduces his feed grains (corn and sorghums) below his farm feed grain base, (3) must carry out a conservation practice, approved by the Secretary, on such diverted acreage, and (4) must not harvest or pasture such diverted acres.

Under this proposed program price support would be provided for all three years, 1959, 1960, and 1961, at 80 percent of parity to producers who comply with their farm feed grain allotments. Cross compliance would be required; that is, no producer would be eligible for price support on any commodity if the acreage of corn and sorghums on the farm exceeds the farm feed grain allotment except in the case of a commodity for which the Secretary determines that it is impracticable to apply such provision.

#### SUBTITLE IV

If a majority of the producers voting in the referendum vote for a program of price support as established under subtitle IV of the bill, no acreage allotment or marketing quotas would be in effect for the 1959, 1960, and 1961 crops of corn and sorghums. The level of support for the 1959, 1960, and 1961 crops of corn would be 90 percent of the weighted average of prices received by farmers for such commodity during the 3 preceding calendar years. For 1958 the level of support for corn would be around \$1.14 per bushel.

Under this program, price support for sorghum grain would be at such level as the Secretary determines is fair and reasonable in relation to the level at which price support is made available for corn, taking into consideration the feeding value of the commodity in relation to corn and other relevant factors. This program is essentially the American Farm Bureau Federation proposal.

Under this proposed program there would be no acreage allotments on corn with producers free to plan their farming operations in accordance with their own desires. It differs from the Administration program in three respects, namely, (a) the price-support level, (b) temporary nature, and (c) mandatory price support for grain sorghum,



oats, rye, and barley. The price support formula in subtitle IV would, under existing conditions, result in a continuous year to year reduction in the support level until supplies and needs were in balance.

#### TITLE VIII—MISCELLANEOUS

##### *Uniform acreage transfer law*

Section 801 will provide a uniform law covering the transfer of acreage allotments. The Agricultural Adjustment Act of 1938, as amended, contains separate provisions for each of the commodities tobacco, wheat, cotton, rice, and peanuts pertaining to the rights of a farmer to an allotment on another farm in cases where the Government acquires his farm. The provisions for the several commodities are similar and yet they are substantially different in several respects. This means that a farmer having, for example, cotton and tobacco allotments on his farm is governed by two entirely different sets of rules in obtaining cotton and tobacco allotments for another farm which he owns or acquires.

Section 801 of the bill was drafted in the Department of Agriculture at the request of the chairman of the committee. This section of the bill would repeal the present allotment transfer provisions for the several commodities and add to the 1938 act a new uniform provision which would be applicable to all of the commodities for which farm acreage allotments are established. It would also extend the applicability of the provisions to cases of acquisitions by any agency having the right of eminent domain.

The uniform provision would give the farmer 3 years to exercise his right of obtaining an allotment from the pool into which the allotment for his farm had been placed; would entitle him to have established for other farms owned by him allotments which are comparable with allotments determined for other farms in the same area; would not permit his obtaining from the pool an acreage in excess of that placed in the pool from the farm from which he was displaced; provides for the transfer of the acreage history of the farm from which he was displaced to the farms to which the allotment is transferred from the pool; and denies the farmer the benefits of the provision if (1) there is any marketing quota penalty due with respect to the farm from which he was displaced, (2) he fails to account for any commodity produced on such farm as required by the Secretary, or (3) the allotment next established for such farm would have been reduced because of faulty or improper identification or false acreage report.

The section would be inapplicable in the case of cotton, tobacco, and peanuts, to any displacement prior to 1950, in the case of wheat and cotton, to any displacement prior to 1954, and in the case of rice to any displacement prior to 1955. If the cropland on any farm acquired by an agency represents less than 15 percent of the total cropland on the farm, the allotment attributable to that portion of the farm so acquired would be transferred to that portion of the farm not so acquired.

##### *Equity payments*

Section 802 would authorize the Commodity Credit Corporation to acquire title to agricultural commodities on which nonrecourse price-support loans have been made without the necessity of computing and making so-called equity payments to the borrower. Most

price support programs are carried out by means of nonrecourse loans on the agricultural commodity. If, during the period of the loan, the price of the commodity exceeds the amount of the loan plus interest, the producer usually pays off the loan and sells the commodity. If the market price does not exceed the amount of the loan, the producer normally permits CCC to take title to the commodity upon the maturity of the loan in full satisfaction of the loan indebtedness.

Where such price support loans are made on the basis of warehouse receipts—as is customary in the case of some commodities—judicial precedents prevent the CCC from acquiring title by forfeiture without taking into consideration the producer's "equity" in the commodity. This is seldom of any substantial value because if the price of the commodity is substantially above the amount of the loan, the owner would have paid off the loan and sold the commodity.

In practice, the amounts involved are so small that the cost of making the calculations and paying out the small refunds is virtually as great as the amount of payments involved. For example, in connection with the 1956 fiscal year operation, the total of all equity payments made was approximately \$100,000 whereas the administrative cost involved was approximately \$90,000. This section would relieve CCC of the necessity of making these calculations and payments.

This section is identical with H. R. 11389 which was transmitted to the Congress by executive communication from the Department of Agriculture with the recommendation that it be enacted.

## REVIEW OF OPERATIONS UNDER PUBLIC LAW 480

### BACKGROUND

In 1953 and early 1954, with vast agricultural surpluses accumulating in Government warehouses, many proposals were discussed before this committee in an attempt to cope with the increasingly serious situation. It was generally agreed that, with the size and character of commodities already accumulated and the expectation of continued large production, several different approaches would be needed. At this time, too, exports had fallen off sharply from the high level reached in 1951-52 as a result of buying stimulated by the Korean conflict.

Out of the many proposals came the enactment of the Agricultural Trade Development and Assistance Act of 1954, which is now widely known as Public Law 480. During the past 4 years experience has proved that Public Law 480 is a highly useful and constructive approach to the use of our agricultural abundance. Public Law 480 programs have contributed significantly to a gradual overall reduction in United States agricultural surpluses. At the same time, it has promoted good will over the world, strengthened United States foreign policy objectives, helped finance useful United States Government programs, and accelerated economic development in friendly countries through the use of foreign currencies.

At the time Public Law 480 was enacted, the investment in commodities held by the Commodity Credit Corporation totaled about \$6 billion and this accumulation rose sharply to \$8.2 billion 2 years



later. By that time, Public Law 480 began to have its full effect and the CCC investment in agricultural surpluses has been reduced by nearly \$1.4 billion.

The act provides four constructive means to use commodities. First is the authority to sell surpluses for foreign currency under title I. Under this program the United States Government finances the dollar cost of moving agricultural commodities to friendly countries. Commodities are sold by private United States exporters to foreign importers and buying organizations who pay for these purchases with their own currency. Title II of the act authorizes the President to act quickly to donate commodities abroad to meet emergency situations such as those resulting from famine, flood, and drought. Title III authorizes the donation of commodities for relief use at home and for similar use abroad through programs conducted by United States voluntary relief agencies, and also emphasizes the program for the exchange of Commodity Credit Corporation commodities for strategic and other materials.

The following table indicates the value of commodities exported under Public Law 480 during the past 4 years as compared with total United States agricultural exports.

*Exports of United States farm products under Public Law 480 compared with total exports of United States farm products by fiscal years*

[In millions of dollars]

Programs	1954-55	1955-56	1956-57	1957-58 <sup>1</sup>	Total 1954-58 <sup>1</sup>
Public Law 480:					
Title I.....	\$73	\$440	\$902	\$650	\$2,065
Title II.....	83	91	88	75	337
Title III:					
Barter.....	125	299	401	85	910
Donations.....	126	184	162	150	622
Total.....	407	1,014	1,553	960	3,934
Other exports.....	2,737	2,482	3,171	3,020	11,410
Total exports.....	3,144	3,496	4,724	3,980	15,344
Total Public Law 480 exports as percent of total exports.....	13	29	33	24	25

<sup>1</sup> Includes estimates for April-June 1958.

After 4 years of experience, the surplus problem that once plagued the United States is now being viewed in an entirely different light. Although Public Law 480 is primarily a disposal program, one of the main objectives of the act is to further United States foreign policy objectives, and it is a commonly accepted view now that so long as we have surpluses Public Law 480 is a most beneficial way to use them.

Thomas C. Mann, Assistant Secretary for Economic Affairs, testified before the Senate Committee on Agriculture and Forestry earlier this year stating that—

\* \* \* The Department of Agriculture in its testimony has emphasized the importance of Public Law 480 as a means to reduce the size of our agricultural surplus and to develop new markets for United States farm products abroad. While we recognize that this is the primary purpose of the act, at the same time we are able to use it to good advantage in further—

ing our foreign policy objectives of strengthening the political and economic stability of the free world. \* \* \*

Also, earlier this year Ismail Erez of the Turkish economic mission stated:

\* \* \* We believe that the United States agricultural surplus disposal program is playing a most prominent role in strengthening and fostering international cooperation and goodwill. This kind of aid and assistance can be more easily felt and appreciated by each individual in the recipient countries who will have a foodstuff share from surpluses provided under the program. \* \* \*

The Turkish statement is quoted because the use of surpluses in Turkey probably best typifies the importance of Public Law 480 in strengthening the United States position in the ideological struggle with communism. Turkey is one of our strongest allies. It is inconceivable to understand how that country could have maintained itself without the hundreds of thousands of tons of wheat it has received for foreign currencies under title I. It makes sense to see that their soldiers and people have bread in a time when there is so much Soviet pressure on them and they occupy such a strategic position in the Middle East.

The program has helped to accelerate the economic growth of such important countries as India and Brazil; it is feeding schoolchildren in Japan; it is making Poland and Yugoslavia more independent of the U. S. S. R.; it is feeding Hungarian refugees; undernourished children in many countries are drinking milk every day through Public Law 480; future markets for United States agricultural products are being promoted; educational exchange programs are cementing relations in many countries. Some of these operations and accomplishments are discussed in this report.

## TITLE I SALES FOR FOREIGN CURRENCIES

### SUMMARY

Title I is the major disposal program authorized in Public Law 480. Stated very simply, the program permits the United States to sell agricultural surpluses to our friends abroad with payment being received in the currency of the importing country. Therefore, it is a means whereby the United States is bridging the gap between agricultural abundance on the one hand and a shortage of dollars on the other hand.

This program has proved to be useful far beyond original expectations. It has accomplished many things:

1. It has been the major reason for the increase in United States agricultural exports and the resultant decrease in surpluses;
2. It has increased income for United States farmers by hundreds of millions of dollars;
3. It has improved the relations of the United States with many countries of the world;
4. It is making a significant contribution to the economic development of many countries through the use of foreign currency proceeds;
5. It has resulted in the exportation of hundreds of millions of dollars worth of surpluses at a relatively small additional cost;



6. It has pointed up the superiority of the West over the East in ability to produce food; this is a tremendous advantage to the West in the present ideological struggle.

## VOLUME OF OPERATIONS

From the beginning of the title I program on July 10, 1954, through May 31, 1958, more than 100 agreements have been signed with 35 friendly countries. The volume of agricultural commodities provided for in these agreements totals well over \$3.8 billion at cost to the Government and more than \$2.7 billion at world market prices. These values include ocean transportation costs of nearly \$300 million financed by the United States for shipments made primarily on privately owned United States-flag vessels.

At cost to the Government, agreements totaled about \$475 million in the year ending June 30, 1955; about \$975 million in 1955-56; about \$1.5 billion last year; and are expected to reach \$1 billion this year.

The increase in title I shipments from year to year has been one of the major factors leading to the rise in our total agricultural exports. In 1954-55 our agricultural exports had a market value of \$3.1 billion. Title I shipments were small that year accounting for 3 percent of the total. In 1955-56 our agricultural exports arose to \$3.5 billion. Title I accounted for 12 percent of the total. In 1956-57, the year ending June 30, agricultural exports rose to an all-time high of \$4.7 billion. Title I shipments made up almost 20 percent of the total, or about \$900 million. This year, United States farm exports are expected to reach \$4 billion of which about 16 percent will move under title I.

The rise in total United States agricultural exports, sparked mainly by foreign currency sales, was the principal reason that the direction of agricultural surplus accumulations were reversed last year. During 1956-57 the Commodity Credit Corporation's investment in price-support commodities declined almost \$1 billion with the principal reductions concentrated in wheat, cotton, and rice, commodities for which there was heavy movement under the title I program. As of April 30, 1958, the last official report issued by CCC, the investment had declined about \$1.4 billion from the same period 2 years earlier.

The magnitude of the program is illustrated by the following figures indicating for six major commodities what has been included in title I agreements and what has been exported against these agreements:

[In millions]

Commodity	Programed	Exported
Wheat.....bushels.....	587	475
Feed grains.....do.....	147	100
Rice.....bag.....	27	25
Cotton.....bales.....	3.2	2.6
Tobacco.....pounds.....	194	170
Vegetable oil.....do.....	1,900	1,500

The very wide impact of these commodities over the world is shown by the country breakdown of agreements concluded since the beginning of the program in July 1954 through May 31, 1958. The following tables show the country breakdown in terms of dollar value and in terms of quantities of commodities programed.

## Commodity composition of programs under title I, Public Law 480, agreements signed from beginning of program through May 31, 1958

[In millions]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation	Estimated CCC cost including ocean transportation
Argentina												
Austria	\$6.9	\$15.3		\$10.5	\$4.8		\$30.4		\$30.4	\$0.7	\$31.1	\$34.4
Bolivia	4.8		\$1.5				2.4	\$0.2	40.1	3.3	43.4	62.8
Brazil	144.4	.6							6.8	5	6.8	19.1
Burma					.3	\$2.2	7.9		155.4	24.0	179.4	295.3
Chile	14.2			31.1	3.1	2.6	1.8	.2	38.8	1.9	40.7	54.0
China (Taiwan)	7.5			7.3	3.3		14.9	.4	37.1	3.1	40.2	54.9
Colombia	13.4			5.0	3.4	1.5	2.3		19.7	2.2	21.9	27.9
Ecuador	2.2	2.2		12.3	.5	.2	6.1		34.7	3.5	38.2	51.2
Egypt	17.0			.8	.7		3.8		7.5	.6	8.1	10.1
Finland	10.8	2.4							17.0	2.5	19.5	36.1
France				7.7	10.1			2.2	33.2	3.0	36.2	48.0
Germany				23.1	4.5				27.6	.1	27.7	31.7
Greece	30.5	10.5				3.8	13.7	1.2	58.5	7.8	66.3	98.5
Iceland	1.4	1.9		3	.9		.2	.9	5.6	6	6.2	7.8
India	223.0		26.4	42.0	6.0	3.5			302.9	265.5	368.4	544.8
Indonesia	5.0		41.3	29.7	15.0				91.0	7.6	98.6	145.5
Iran	9.5					.8			10.3	2.6	12.9	20.9
Israel	25.5	18.9	.1	3.4	.6	14.7	5.1	10.4	78.7	7.9	86.6	129.7
Italy	1.5	5.5		11.9			42.4	.5	147.8	5.3	153.1	194.1
Japan	48.6	14.4	13.7	52.8	7.7				137.2	18.1	150.5	206.3
Korea	33.2	31.2	24.5	9.8	6.6	.4	.5	8.0	114.2	1.6	132.3	171.1
Mexico		26.6							26.6	(3)	28.2	63.5
Netherlands				3					.3		.3	.4
Nicaragua	66.5		58.7	29.0	4.7	4.7	3.5		167.1	19.0	186.1	283.7
Pakistan	1.7					.4	.5		2.6	4	3.0	4.4
Paraguay	14.5		4.4			3	1.0		20.2	2.0	22.2	36.5
Philippines				4.9		1.7		.1	9.5	.8	10.3	15.5
Poland	50.3	12.1	2.4	45.3		3.3	13.4		127.4	10.8	138.2	202.0
Portugal	6.3								6.3	.9	7.2	13.5
Spain <sup>4</sup>	4.5	14.4		\$ 48.7	11.5	1.0	140.7	18.2	239.0	17.0	256.0	287.4
Thailand					3.9	.5			4.4	.2	4.6	4.9
Turkey	73.0	18.7	1.4			2.2	37.6	4.4	137.3	20.7	158.0	224.3
United Kingdom					38.0			10.2	48.2	.4	48.6	48.6
Yugoslavia	170.0			46.1			36.8		252.9	40.1	293.0	431.9
Total agreements	988.2	\$ 174.7	174.4	499.1	134.5	743.8	\$ 365.4	\$ 56.9	2,437.0	288.0	2,725.0	3,852.0



<sup>1</sup> Includes only ocean transportation to be financed by CCC.  
<sup>2</sup> Includes \$5,000,000 estimated for ocean freight differential for which no rupee deposits are required. The balance, \$59,500,000, only, is reflected in the currency use table on p. 37.  
<sup>3</sup> Less than \$50,000.  
<sup>4</sup> Wheat sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.  
<sup>5</sup> Cotton linters, \$0.3 million.

<sup>6</sup> See the following:

	Millions of dollars
Corn.....	87.2
Oats.....	5.5
Barley.....	64.5
Grain sorghums.....	17.5
Total.....	174.7
<sup>7</sup> See the following:	
Condensed milk.....	2.1
Dry whole milk.....	1.6
Nonfat dry milk.....	13.7
Evaporated milk.....	3.4
Butter, butter oil and/or ghee.....	18.2
Cheese.....	4.7
Whey.....	.1
Total.....	43.8

<sup>8</sup> See the following:

Cottonseed oil and/or soybean oil.....	273.1
Cottonseed oil and/or soybean oil and/or lard.....	44.4
Linseed oil.....	1.6
Lard.....	28.8
Tallow and/or grease.....	17.5
Total.....	365.4
<sup>9</sup> See the following:	
Austria, Burma, Finland, Iceland and United Kingdom, fruit (dried, fresh and/or canned).....	13.7
Chile, hay and pasture seeds.....	1.4
Germany and Italy, poultry.....	1.7
Israel:	
Dry edible beans.....	.3
Frozen beef.....	10.0
Dried prunes.....	.1
Korea, canned pork.....	8.0
Philippines.....	neg.
Variety meats.....	.1
Dry edible beans.....	.1
Spain:	
Meats.....	16.8
Potatoes.....	1.4
Turkey, frozen beef.....	4.4
Total.....	56.9

*Approximate quantities of commodities under title I, Public Law 480 agreements signed from beginning of program through May 31, 1958*

[In thousands]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
	Bushels	Bushels	Hundred-weight	Bales	Pounds	Pounds	Pounds	Pounds	Hundred-weight	Pounds	Pounds	Hundred-weight
Argentina												
Austria	4,045	10,705		69.9	7,519					1,111		
Bolivia	2,412	369	228			7,035	219,169					
Brazil	85,211				121	12,937	19,449					
Burma					4,025							
Chile	8,651			210.2	4,000		50,918					
China (Taiwan)	4,161			50.9	400		11,077					
Colombia	6,890			35.6	4,000		84,738			1,579		9
Ecuador	1,130	1,989		76.3	4,427	5,062	18,811					
Egypt	10,635			6.0	856	1,057	35,996					
Finland	6,395	1,493		46.6	16,829		30,193					
France				135.9	7,716			4,542		15,665		
Germany		9,596										
Greece	18,071	1,456				29,788	82,467					
Iceland	743			1.7	807		1,130			12,084		
India	138,334		4,409	300.0	6,000	24,615						
Indonesia	2,889		6,404	201.8	23,037							
Iran	5,227					1,622						
Israel	14,831	15,998	6	19.9	861	60,330	33,911		41	882	40,000	
Italy	887	4,159		575.6	15,529		271,427	1,429				
Japan	31,030	11,325	2,142	317.0	8,792						19,842	
Korea	19,857	29,323	3,468	49.9	12,667	1,288	3,125					
Mexico		20,484										
Netherlands				1.8								
Pakistan	39,770		9,043	187.5	5,317	9,257	24,183					
Paraguay	994					833	3,126					
Peru	8,658		672			1,098	7,964					
Philippines			343	32.7		16,491	3,622		7		167	
Poland	28,936	11,894		297.9		33,069	98,303					
Portugal	3,879											
Spain	12,598	11,652		314.9	18,772	4,723	833,529			50,822	69,700	
Thailand					5,332	1,957						
Turkey	42,559	16,392	218			9,932	259,200				16,604	
United Kingdom					54,603					107,235		
Yugoslavia	98,699			297.5			293,403					
Total	587,502	314,635	26,933	3,229.6	194,610	422,214	2,355,741	5,971	48	6189,378	7146,313	9



<sup>1</sup> Wheat sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain, bales cotton linters.  
<sup>2</sup> Includes 15,400.

	<i>Thousands of bushels</i>
Corn.....	62,806
Oats.....	7,384
Barley.....	60,659
Grain sorghums.....	15,886
Total.....	146,835

	<i>Thousands of pounds</i>
Condensed milk.....	8,221
Dry whole milk.....	3,869
Nonfat dry milk.....	117,945
Evaporated milk.....	24,500
Butter, butter oil and/or ghee.....	45,326
Cheese.....	19,352
Whey.....	2,001
Total.....	221,214

<sup>3</sup> See the following:

<sup>4</sup> See the following:

<sup>5</sup> See the following:

	<i>Thousands of pounds</i>
Cottonseed oil and/or soybean oil.....	1,655,947
Cottonseed oil, soybean oil and/or lard.....	298,408
Linseed oil.....	12,555
Lard.....	214,385
Tallow and/or grease.....	174,446
Total.....	2,355,741

<sup>6</sup> All fruit except Spain which is potatoes.

<sup>7</sup> See the following:

	<i>Thousands of pounds</i>
Philippines, variety meats.....	167
Israel, frozen beef.....	40,000
Korea, canned pork.....	19,842
Spain:	
Canned hams.....	2,571
Fatbacks.....	2,149
Frozen beef and variety meats.....	64,980
Turkey, frozen beef.....	16,604
Total.....	146,313

## THE NET COST OF THE TITLE I PROGRAM

Title I provides that Commodity Credit Corporation funds shall be used to finance foreign currency sales and authorizes appropriations of \$4 billion to reimburse CCC for its costs including the acquisition cost of price-support commodities from CCC stocks shipped under the program. At the end of each fiscal year the costs included under the program are computed and an appropriation is requested to reimburse CCC.

The impact of the program on the national budget, however, is relatively small. The Department of Agriculture recently made an analysis to estimate the additional costs incurred by the Department as a result of shipments under title I from the beginning of the program through December 31, 1957. This analysis resulted in an estimate that the additional cost to the Department, as of that time, was about \$239 million, and this amount included about \$180 million to finance ocean transportation costs of commodities required to be shipped on United States-flag vessels.

This analysis showed that the total cost to CCC of shipments through December 31, 1957, amounted to \$2,571 million. It assumed that all price-support commodities shipped under title I would otherwise have been in inventory on December 31, 1957. The investment value of these commodities was computed to date of shipment and interest and storage charges were added for the period between date of shipment and December 31, 1957. The total computed costs which would have been included if the commodities had not moved under title I amounted to \$2,332 million. The difference, therefore, of \$239 million represents the net new expenditure of shipments under the program through December 31, 1957.

## EFFECT ON FARM PRICES AND INCOME

In addition to showing only a slight impact on the national budget, the program has other important advantages to the United States. It has added hundreds of millions of dollars to the income of the United States farmers. A study was made by the Department of Agriculture to determine the effect of the program on farm prices and income. A report made by the Department shows that farmers' cash receipts from sales of farm products may have been increased by around \$170 million in 1955-56, by around \$245 million in 1956-57, and by around \$230 million in 1957-58 as a result of exports under title I. The estimated amounts by commodities are as follows:

[In millions]

Commodity	1955-56	1956-57	1957-58
Wheat.....		\$70	\$60
Rice.....	\$10		15
Tobacco.....	45	30	30
Corn and other feed grains.....		10	15
Fats, oils, and oil seeds.....	100	85	50
Meat.....	15	50	
Cotton.....			60
Total.....	170	245	230



The report shows that the average price received by farmers for the 1956 crop of wheat averaged about 9 cents a bushel higher as a result of exports under title I with the same probable effect on prices for the 1957 crop. This study indicates that without the program the 1955-56 crop soybean price to farmers would have rested completely upon the price-support levels. As it was, prices received by farmers were about 15 cents a bushel higher for the 1955 crop and about 7 cents higher for the 1956 crop. Also, the increased export demand resulting from the program enabled the entire 1955 crop to move readily into commercial channels.

#### USES OF FOREIGN CURRENCIES

In addition to its small impact on the national budget and its effect on farm prices and income, the title I program benefits both the foreign country and the United States through the use of the foreign currency sales proceeds.

Section 104 of Public Law 480 provides that the foreign currencies obtained through title I sales may be used for certain specified purposes. The amount for each purpose is agreed upon by the United States and the foreign government in the formal sales agreement. When commodities are shipped, the foreign government, through its banks and importers, deposits foreign currency to the account of the United States disbursing officer in that country. The United States Treasury Department has custody of these currencies, while the overall control with respect to the allocation and disbursement of the currencies is assigned to the Bureau of the Budget.

The responsibility for administering the expenditure of foreign currencies is assigned by Executive order to various agencies as follows:

Authority	Currency use	Responsible agency
Sec. 104:		
(a)-----	Agricultural market development.....	Department of Agriculture.
(b)-----	Supplemental stockpile.....	Office of Defense Mobilization.
(c)-----	Common defense.....	International Cooperation Adminis- tration and Defense Department.
(d)-----	Purchase of goods for other countries..	ICA.
(e)-----	Grants for economic development.....	ICA.
(f)-----	Loans to private enterprise.....	Export-Import Bank of Washington.
(g)-----	Payment of United States obligations..	Any agency.
(h)-----	Loans to foreign governments.....	ICA.
(i)-----	International educational exchange.....	Department of State.
(j)-----	Translation of books and periodicals..	U. S. Information Agency.
	American-sponsored schools and cen- ters.	State and USIA.

Since the beginning of the program through May 31, 1958, foreign currency sales proceeds have been earmarked as follows:

	Million dollar equivalent	Percent of total
Agricultural market development (sec. 104 (a)) <sup>1</sup> .....	43.7	1.6
Purchases of strategic material (sec. 104 (b)) <sup>1</sup> .....	2.0	.1
Common defense (sec. 104 (c)).....	296.3	10.9
Purchase of goods for other countries (sec. 104 (d)) <sup>1</sup> .....	46.6	1.7
Grants for balanced economic development and trade among nations (sec. 104 (e)).....	61.5	2.3
Loans to private enterprise (sec. 104 (e)).....	66.8	2.4
Payment of United States obligations (sec. 104 (f)) <sup>1</sup> .....	067.1	28.2
Loans to foreign governments (sec. 104 (g)).....	1,386.3	51.0
International educational exchange (sec. 104 (h)) <sup>1</sup> .....	24.9	.9
Translation, publication, and distribution of books and periodicals (sec. 104 (i)) <sup>1</sup> .....	5.5	.2
Assistance to American-sponsored schools, libraries, and community centers (sec. 104 (j)).....	18.5	.7
Total.....	<sup>2</sup> 2,719.2	100.0

<sup>1</sup> In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under sec. 104 (a), (b), (f), (h), and (i). In some instances, possible uses under sec. 104 (d) are also included in this category. Therefore, estimates based on the best information now available are indicated above under subsections (a), (b), (h), and (i). Balances not otherwise distributed are included under subsec. (f). This distribution is subject to revision when allocations have been completed.

<sup>2</sup> Includes ocean transportation financed by CCC.

An analysis of the uses of these foreign currencies indicates the important nonagricultural benefits which are resulting from this program. As noted in the above table, only 1.6 percent of the currencies is being used for agricultural market development. The remaining currencies are being used for a number of programs of interest to United States agencies and the foreign governments participating in the program.

#### ECONOMIC DEVELOPMENT—LOANS AND GRANTS TO FOREIGN GOVERNMENTS

The major portion of the currencies has been reserved for economic development purposes in the foreign country. Fifty-one percent of the currencies, or the equivalent of nearly \$1.4 billion, has been set aside for loans to foreign governments for economic development projects agreed upon with the International Cooperation Administration. The use of these currencies is coordinated with the overall development programs of these countries. At the time the sales agreement is concluded there is often executed a loan agreement which provides for the general terms and conditions under which the currencies will be loaned back to the foreign governments for economic development purposes. Sometimes the loan agreement is concluded after the sales agreement. The final step in implementing this authority involves agreement between the United States and the foreign government of the specific projects to be undertaken. In approving loan projects for agricultural purposes, care is exercised to avoid encouragement of projects which would result in reduced outlets for



United States agricultural commodities. The following table indicates, by country and amount, loan projects agreed upon through May 15, 1958:

[Million dollars equivalent]<sup>1</sup>

Country	Total	Description of projects
Austria.....	16.0	Industrial projects, including electric power, iron and steel, metal processing, textile industry, etc., 14.2; tourism, 1.0; regional development, 0.8.
Brazil.....	<sup>2</sup> 31.32	Agricultural silo facilities, 4.9; extension and rehabilitation of railways, 13.5; river navigation and port improvement, 2.7; metallurgical works, 3.6; cold storage meat plants, 0.9; electric energy production, 4.5.
	117.9	Expansion of hydroelectric and power production, railway construction, expansion of iron and steel production.
Chile.....	31.7	Highway and port improvement, 13.0; irrigation, drainage and forestry, 5.3; food processing facilities, 4.9; housing, 3.0; agricultural training center and experiment station, 3.0; coal industry, 2.5.
Colombia.....	22.2	Revolving loan funds for various purposes, including development of mining, lumber, and livestock production, farm-to-market roads, and food storage facilities.
Ecuador.....	6.3	Agricultural credit system in tropical coastal area, 3.1; loans to agricultural producers, 2.0; industrial development, 1.0; highway improvement and maintenance, 0.2.
Finland.....	14.0	Construction: Hydroelectric plant, 10.9; fluting board plant, 3.1.
Greece.....	23.5	Extension and modernization: Roads and bridges, 9.0; electrical grid, 3.3. Workers' low-cost housing, 2.0; small community works, including access roads, water installations and range control, 6.0; vocational education, 0.2; Economic Development Finance Corporation, 3.0.
Iceland.....	2.2	Hydroelectric plant.
India.....	55.0	Loans through Refinance Corporation of India to private industry.
Israel.....	57.3	Irrigation, well-drilling, and agricultural development, 11.4; agricultural settlements (construction of farm buildings), 2.8; land prepared, 0.4; agricultural research studies, 0.3; afforestation, 0.4; development of roads, 8.2; electric power construction, 6.6; loans to home buyers, 3.0; development of telephone services, 2.1; industrial expansion, 20.3; small industries, 1.8.
Italy.....	81.2	Industrial development in southern Italy, 32.6; revolving loan fund—tourist facilities, 8.0; loan for industrial export promotion, 11.0; loan fund for creation of small landowners, 8.0; loans to small producers for expansion of livestock production, marketing and processing facilities, 8.0; vocational education, 13.6.
Japan.....	59.5	Electric power development, 50.7; irrigation, drainage, and reclamation, 8.4; productivity center, 0.4.
	49.35	Electric power development, 21.9; irrigation and land development, 12.7 land reclamation for industrial sites, 1.9; productivity center, 2.8; forest development, 2.8; industrial marketing and processing, 4.5; improvement of fishing port facilities, 1.9; silk center, 0.4; undetermined, 0.5;
Paraguay.....	2.2	Highway and bridge construction and improvement, 0.7; airport development, 0.2; sewerage system, 0.7; agricultural development (primarily coffee), 0.6.
Peru.....	9.8	Irrigation and land development, road construction: expansion of agricultural research station, and leather products production.
Portugal.....	3.4	Storage facilities for bananas and cereals.
Spain.....	9.0	Reforestation and watershed control, 5.1; small irrigation projects for noncitrus fruit and vegetable production, 2.6; soil conservation, 0.3; land consolidation, 1.0.
Total.....	591.9	

<sup>1</sup> Approval of projects allows expenditures of up to the amounts stated. The total amount available for these projects would decrease if the amount available for loans is less than that anticipated.

<sup>2</sup> Projects total \$30.1 million equivalent reflecting probable shortfall in loan funds available.

NOTE.—This tabulation includes only approved projects within current loan agreements. Projects which may have been tentatively approved prior to completion of loan agreements are not included.

Under section 104 (e) there have been two grants of foreign currencies for economic development purposes. These have been for India for the equivalent of \$54 million, and Greece for the equivalent of \$7.5 million.

## ECONOMIC DEVELOPMENT—LOANS TO PRIVATE ENTERPRISE

Foreign currencies are also being made available under section 104 (e) for relending to private enterprise, largely to United States firms and their affiliates, to assist in the development and expansion of private business in foreign countries. This important use was provided for in the extension of Public Law 480 authorized in August 1957.

Since the enactment of this provision through May 31, 1958, commodity sales agreements have been consummated with 18 countries. The agreements with 10 countries provide that the full 25 percent of the sales proceeds will be made available for loans by the Export-Import Bank of Washington. In 2 additional cases, Greece and Turkey, 15 percent, and in 1 case, Korea, 4 percent of the sales proceeds are made available to the bank. In the agreements with the five remaining countries, Poland, Spain, Yugoslavia, and the United Kingdom and Burma, no provision was made for loans under section 104 (e).

As the following table indicates, the currencies which are to be made available to the bank under the sales agreements announced to date represent a little more than 10 percent of the total market value of the sales agreements announced since August 1957.

*Status of title I, Public Law 480 sales agreements program—July 1, 1957, through May 31, 1958*

Country	Market value of program	Provision for 104 (e) loans	
		Percent	Amount
	<i>Millions</i>		<i>Millions</i>
Burma.....	\$18.0		
China (Taiwan).....	12.1	25	\$3.0
Colombia.....	8.7	25	2.2
Finland.....	9.0	25	2.3
France.....	25.7	25	6.4
Greece.....	19.8	15	2.9
Iceland.....	3.0	25	.7
Israel.....	35.0	25	8.7
Italy.....	25.0	25	6.2
Korea.....	50.0	4	2.0
Mexico.....	28.2	25	7.1
Pakistan.....	65.4	25	16.4
Peru.....	7.8	25	1.9
Poland.....	119.1		
Spain.....	73.2		
Turkey.....	46.8	15	7.0
United Kingdom.....	13.0		
Yugoslavia.....	70.0		
Total.....	629.8		66.8

Shortly after the enactment of the amendment providing for loans under section 104 (e) the bank established the general policies which it will follow in making such loans. These are: (1) The loans will be made and be repayable in local currencies, i. e., no maintenance of value commitment will be required; (2) as a corollary of this policy, the interest rates will be similar to those charged for comparable loans in the purchasing country; (3) the maturities will correspond to those used in the bank's dollar loans to private borrowers; and (4) the loans may be made for any purpose consistent with the general objectives of the legislation, which are stated broadly enough to include the



provision of working capital as well as the financing of fixed asset acquisitions. These basic policies were announced by the bank on September 10, 1957, well before the first sales agreement, including section 104 (e) funds, with Mexico, was announced on October 23, 1957.

Shortly after the announcement of each sales agreement providing for 104 (e) loans the bank has announced it will receive applications and in so doing has stated that it will not authorize credits until funds are made available to the bank; that is, until the commodities have been delivered and paid for and a portion of the proceeds has been apportioned to the bank for 104 (e) loans.

Up to this time no such apportionment has occurred and no credits have been announced. However, in one country, Mexico, the work is sufficiently far advanced so that an apportionment has been requested. It is anticipated that some loans will be announced soon.

The bank has handled a large number of inquiries and applications for loans in 10 countries. About 120 active applications are on file. About 80 percent of the active applications are from United States firms or firms claiming an affiliation with a United States firm. The remaining 20 percent are from firms which do not claim an affiliation with a United States firm and all but a few of these are applications for loans in Israeli pounds.

The response to the bank's invitation to submit applications has varied greatly from country to country. There was a heavy demand for Mexican pesos and by March 1958 there were on hand active applications aggregating more than four times the maximum amount which the bank could receive under the current sales agreement. Since the receipt of additional applications would serve no useful purpose, the bank announced on March 17 that no more applications for loans in Mexican pesos would be accepted.

There was also a large response in the case of Israeli pounds. Since applications which were active on May 15, 1958, aggregated about three times the maximum amount the bank could receive, the bank announced that it would accept no applications for loans in Israeli pounds after May 31, 1958.

In addition to Mexico and Israel, it appears likely that there will also be a substantial excess of applications for Colombia, France, and Peru.

The amendment to section 104 (e) prohibits loans to finance the manufacture of products to be exported to the United States in competition with products produced in the United States, as well as loans for the manufacture or production of commodities to be marketed in competition with United States agricultural commodities or the products thereof. To date the first of these prohibitions has become an issue in only a few cases, but the question of the possible application of the second prohibition is raised fairly frequently. In interpreting these prohibitions the bank has asked for the assistance of the relevant United States Embassy, as well as the Departments of Agriculture and Commerce. The advice of the Embassy and the Department of Agriculture are also solicited in those cases where the eligibility of the applicant depends on a showing that its activities will expand the markets for and consumption of United States agricultural products abroad.

MILITARY AND OTHER ASSISTANCE

In addition to assisting the economic development of friendly countries, title I foreign currencies are made available for common defense purposes under section 104 (c). Military assistance is provided through the procurement of materials, facilities, and services, and through the support of military budgets of certain mutual-security countries. Through May 31, 1958, the equivalent of nearly \$300 million has been reserved for these purposes, the great bulk of which is being used in Korea, Pakistan, and Yugoslavia. Smaller amounts are being used for projects in Bolivia, Brazil, Chile, China (Taiwan), Colombia, Iran, Peru, and the Philippines, and arrangements are now being made to use some of these funds in Spain. Nearly two-thirds of the amount of currencies set aside for this use has been allocated by the International Cooperation Administration and the Defense Department for planned projects, and nearly one-third of the funds has been disbursed. Important Inter-American Geodetic Survey mapping projects are being carried on in South America while in Korea and Pakistan most of the currencies are being used for support of the military budget.

Assistance is given other friendly countries through the purchase of goods or services under section 104 (d). This program is administered by the International Cooperation Administration and is coordinated with mutual-security plans and programs. This program involves the use of currencies in one country to finance purchases for third countries. The following table indicates the countries in which sales proceeds will be used and the countries for which purchases have been programed. This information represents activities through December 31, 1957.

[In million dollars <sup>1</sup> equivalent]

Sales proceeds from—		Purchases programed for—	
Country	Amount	Country	Amount
Austria.....	3.1	Burma.....	5.0
France.....	.8	Ceylon.....	1.8
Finland.....	13.0	India.....	1.4
India.....	5.0	Indonesia.....	1.7
Italy.....	10.0	Israel.....	5.0
Japan.....	10.9	Korea.....	2.5
		Pakistan.....	1.4
		Ryukyu Islands.....	3.3
		Spain.....	3.1
		Taiwan.....	1.2
		Thailand.....	1.4
		Vietnam.....	1.8
Total.....	42.8	Total.....	29.6
		Adjustment (difference in exchange rates).....	3.4
		Grand total.....	33.0

<sup>1</sup> The dollar equivalent value assigned to sales proceeds earmarked or allocated reflects deposit rates agreed upon at the time the sales agreements were negotiated. The dollar equivalent value assigned to currencies programed for purchases reflects current exchange rates for exports.



## AGRICULTURAL MARKET DEVELOPMENT

Although relatively small in size, the program to use foreign currencies for agricultural market development is one of the most important aspects of the program. The Department of Agriculture conducts market development work principally in two ways: First, through development projects usually performed in connection with private trade organizations, and second, through exhibits of agricultural commodities in trade fairs. Through May 31, 1958, projects and trade fairs have been developed or conducted for the use of about \$10.4 million in foreign currencies, plus contributions by private trade groups of more than \$3.3 million in funds, personnel, and services. A summary of this program follows:

Periods	Number of projects <sup>1</sup>	USDA contribution <sup>2</sup>	Cooperator contribution	Total
		<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
Fiscal year 1956.....	17	\$1,426	\$165	\$1,591
Fiscal year 1957.....	94	5,300	2,271	7,571
July-December 1957.....	52	2,385	365	2,750
January-May 1958 <sup>3</sup> .....	41	1,279	433	1,712
Total.....	204	10,390	3,234	13,624

<sup>1</sup> Subject to adjustment upon final accounting.

<sup>2</sup> Cooperator, trade fair, and Department of Agriculture projects.

<sup>3</sup> Approximate dollar equivalent of foreign currencies when projects approved.

Market development projects may be initiated by trade groups, private research organizations, institutions such as land-grant colleges, international organizations, or by the Department of Agriculture. Project proposals are evaluated on the basis of probable success in terms of the contribution to increased United States exports; long-range effects on total United States agricultural exports; the importance of the commodities involved to United States agriculture; the extent to which the proposal is in harmony with foreign trade policy and international obligations; and where trade groups are involved, the extent to which such groups represent commodity interests; and proposed financing.

To date, more than 200 market development projects have been undertaken in 30 countries, with 44 trade and agricultural groups cooperating. From modest beginning in fiscal year 1956, the program has become an important part of maintaining and expanding United States agricultural markets abroad.

Many United States farm commodities have been promoted, including: cotton; dairy products; fruits; grain and grain products, including rice and beans; livestock and livestock products; poultry and poultry products; seed; soybeans and soybean products; and tobacco. In addition to trade fairs, types of market development activities include: exhibits; market surveys; promotional contests; merchandising clinics; advertising campaigns; nutrition and sanitation education;

samples for display and for testing; public appearances of commodity "maids" and "queens"; visits by foreign importers to United States processing and marketing centers; translation, and distribution of promotional leaflets; motion pictures, film clips, and slides; studies of consumer demand; school lunch assistance; cooking demonstrations; and training of bakers. A summary of work undertaken in the various commodity groups follows:

*Cotton.*—Under agreements between the Department of Agriculture and a trade group representing most United States cotton interests, promotional activities in nine countries are helping to increase consumer use of cotton.

Local organizations in these countries work actively with the trade group and pay half of the costs. Emphasis has been placed on fashion appeal, durability, launderability, freshness, color fastness, and other characteristics of cotton fabrics, as well as their versatility associated with weaves and finishes.

Methods used have included advertising campaigns, publicity, merchandising, training, Maid of Cotton appearances, and fashion shows.

Concurrently, American technologists are working with foreign spinners to show them how to adapt equipment and methods to take advantage of the desirable spinning quality of United States cotton.

*Dairy products.*—Dairy products and dairy cattle have been featured in international trade fairs and in market development projects carried out by three dairy trade groups cooperating with the Department of Agriculture.

In Thailand, nutritional education and the distribution of samples of recombined milk products among schoolchildren and Government workers have helped to develop a market for United States dry milk powder and anhydrous butter fat.

Sanitation education and nutrition training in Colombia are encouraging consumer acceptance of dairy products.

United States herd associations and the Department of Agriculture are acquainting Latin American buyers with the merits of United States breeding cattle.

*Poultry.*—Market surveys in Europe and South America by United States trade associations point to opportunities for increasing foreign consumption of United States table eggs, hatching eggs, chicks, and frozen eviscerated poultry.

In West Germany, promotional effort is acquainting importers, shopkeepers, and housewives with the advantages of United States ready-to-cook poultry.

Through sampling, visitors to international trade fairs have become acquainted with fresh roasted United States chicken and turkey. United States hatching eggs have been featured in displays.

*Oil and oilseeds.*—Market development surveys and promotion of soybeans and products have been undertaken by two United States trade associations. In Japan, increased consumption of both soybean food products and oil is the goal of advertising, trade fair ex-



hibits, and research. Much has been done to improve the quality and acceptability of United States soybeans arriving in Japan.

Projects in Italy and Spain promote United States soybean oil and meal.

Soybeans have rapidly become an important United States crop and export commodity. They provide an unusually valuable source of protein for man and animal. Foreign market development is contributing to United States ability to market its expanding soybean production in oil-and-protein-deficient countries abroad.

*Fruits.*—Market surveys and promotional advertising have been undertaken in Europe, especially in West Germany, by four United States fruit trade groups in cooperation with the Department of Agriculture. Newspaper advertising tied in with consumer buying research has promoted California prunes to West Germany. Raisins are being advertised similarly. A survey in Europe shows considerable opportunity for sales of cling peaches.

As economic conditions improve, opportunities arise to sell American fruit abroad. To help United States exporters use such opportunities, the Department and the fruit trade are distributing an attractive 48-page booklet printed in full color in fruit importing countries. This brochure describes and illustrates available fresh, dried, and canned fruits, as well as tree nuts.

*Grains and feed.*—The Department of Agriculture and 10 United States trade associations are developing export markets for wheat, wheat flour, rice, and edible dry beans.

In Japan, nationwide campaigns are teaching housewives, school-children, nutritionists and bakers about wheat products. Per capita wheat consumption in Japan is rising. Such activities are being extended to Southwest Asia and India. Visits to United States mid-continent wheat areas by Italian and Greek millers and buying officials are bringing a better understanding of the uses of Hard Red Winter wheat.

In Colombia, local bakery and paste industries groups are cooperating with United States flour trade groups in promoting greater use of wheat flour.

Representatives of the United States rice and dry edible beans trades are establishing trade contacts and surveying markets in Latin America.

*Livestock and meat.*—Markets for United States breeding cattle and meat industry byproducts are being developed in foreign lands by United States trade groups cooperating with the Department of Agriculture.

Visits to Japan by United States tallow representatives removed difficult trading problems and increased exports. A followup advertising campaign is helping to sell more soap products made from American tallow.

Several substantial sales of United States breeding cattle to Latin America buyers have resulted from introduction of United States animals to the region.

Declining domestic demand for meat byproducts means that foreign markets are becoming increasingly important.

*Tobacco.*—Three United States tobacco trade groups are cooperating with the Department of Agriculture to promote sales of tobacco to Asia and Europe. Key officials of the tobacco trade from Finland, Austria, France, Thailand, Japan, and Korea have been brought to the United States to study United States processing and marketing methods. Market analysis studies have been undertaken in Spain, Italy, and Pakistan. Promotional advertising in Japan has increased consumption of tobacco products containing United States leaf.

The several types of market development projects undertaken for tobacco are helping to acquaint foreign buyers with the merits of American leaf.

#### TRADE FAIRS

The Department of Agriculture has exhibited agricultural commodities at 24 international exhibitions in 14 countries to promote good will and to promote foreign markets for United States farm products. These trade fair exhibits have been viewed by 20 million people.

An excellent example of trade fair activity was the exhibit held in Osaka, Japan, in April 1958. A wide range of commodities and products was exhibited here, a country which is a large market for United States farm products such as cigarettes, soap, soybean and wheat food products, and cotton clothes and fabrics. Exhibition of these products promotes the use of tobacco, tallow, soybeans, and wheat, and cotton. For example, cotton style shows were held four times daily using Japanese models exhibiting clothes made from United States cotton. A seven-man United States agricultural market development team represented United States commodity interests and coordinated promotion efforts at the fair. The team was made up of a United States trade representative from each of the five commodity exhibits and two Department of Agriculture representatives.

#### GREATER EMPHASIS NEEDED

While the committee is gratified at the excellent progress which has been made in increasing trade promotion activities designed to establish and expand permanent commercial markets in foreign countries for United States agricultural products it takes this occasion to reiterate its statements on this matter contained in the committee report on the 1957 extension of Public Law 480 (H. Rept. 432). The committee hopes that the Department of Agriculture, the Department of State and the other agencies of our Government responsible in any way for the administration of Public Law 480 will continue to bear in mind that a major objective and purpose of that law as stated in the policy section thereof is "to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States."



In the furtherance of this objective not only should foreign currencies accruing under Public Law 480 be used to the utmost extent consistent with sound business judgment in promoting the use of American agricultural commodities abroad but, at least equally important, efforts should be made in making title I agreements to encourage the purchase of commodities by foreign countries (whether or not such surplus commodities are actually in CCC inventory) which will in themselves tend to develop a future commercial market for such commodities.

#### PAYMENT OF UNITED STATES EXPENSES ABROAD

More than 25 percent of the foreign currencies, or nearly the equivalent of \$775 million, is set aside for the payment of United States expenses overseas. Most of these funds are transferred to the United States Treasury for sale to any agency for any purpose for which an appropriation had been provided. The dollars which are used to buy these currencies return to the Commodity Credit Corporation. Typical of these expenses are United States Embassy and United States Information Service expenses overseas; considerable use has also been made for base construction in Spain and military construction and maintenance operations in Turkey. Large use is being made under this authority for the construction, rent, or other acquisition of United States military family housing and related community facilities abroad. Through May 31, 1958, the following amounts of local currency have been set aside for military family housing:

Country	Planned under agreements	Country	Planned under agreements
	<i>Million dollars</i>		<i>Million dollars</i>
Austria.....	8.9	Portugal.....	1.5
France.....	6.0	Spain.....	16.0
Finland.....	7.0	United Kingdom.....	42.9
Italy.....	13.0		
Japan.....	24.8	Total.....	121.6
Philippines.....	1.5		

In the case of Austria and Finland, housing materials will be purchased for use in other countries. Construction has already been completed for about 1,500 units in the United Kingdom and about 800 units in Japan, and currencies have been allocated for the construction of an additional 3,900 units in several countries.

CCC is reimbursed for currencies used for military family housing from appropriations available for the payment of quarters allowances, such reimbursement to be made over a period of time to the extent the housing is occupied.

## INFORMATION AND EDUCATION PROGRAMS

Important programs conducted by the Department of State and the United States Information Agency are being expanded through the use of foreign currencies. Section 104 (h) is a means by which the educational exchange program authorized by the Congress is being enlarged to help promote mutual understanding between the people of the United States and those of other countries. The program involves the exchange of students, teachers, lecturers, and professors in support of the programs authorized under the Fulbright Act. The following table shows the countries in which educational exchange programs are authorized and actual agreements concluded since the beginning of the program through May 31, 1958:

*International educational authorizations since beginning of program*  
[In thousand-dollar equivalent]

Country	Executive author-ized	Agree-ments concluded	Country	Executive author-ized	Agree-ments concluded
Argentina.....	600	600	Japan.....	2, 066	2, 066
Austria.....	250		Korea.....	900	
Bolivia.....	200		Mexico.....	1, 250	
Brazil.....	980	980	Pakistan.....	1, 050	1, 050
Chile.....	1, 250	500	Paraguay.....	150	150
China (Taiwan).....	750	750	Peru.....	500	500
Colombia.....	500	500	Philippines.....	750	
Ecuador.....	300	300	Portugal.....	300	
Egypt.....	750		Spain.....	600	
Finland.....	1, 000	250	Sweden <sup>1</sup> .....	300	
France.....	1, 000		Thailand.....	600	400
Iceland.....	150		Turkey.....	750	750
India.....	1, 800		Uruguay <sup>1</sup> .....	300	
Indonesia.....	600				
Iran.....	750	750	Total.....	20, 396	9, 546

<sup>1</sup> Funds for reinstating the Public Law 584 program with Sweden will come from the conversion of lira funds generated by Public Law 480 sales in Italy; the funds for initiating a Public Law 584 program with Uruguay will be by the conversion of funds generated under Public Law 480 sales in Peru.

Under section 104 (i) of the act the United States Information Agency administers the program for the translation, publication, and distribution of free world United States-oriented textbooks in local languages for sale at prices which students and ministeries of education can afford to pay. Examples of programs being carried on are those in Austria, Colombia, Finland, and Turkey. In Austria, Colombia, and Turkey the United States textbooks are being translated covering a wide range of subjects including economics, political science, geography, commerce, natural science, and social studies. The foreign currencies in Finland are being used to purchase paper for use in other countries.

Under section 104 (j) programs are carried out by the Department of State and the United States Information Agency for the expansion



and improvement of American-sponsored schools, libraries, and binational centers. Foreign currencies to support American-sponsored schools have been allocated in Brazil, Colombia, Ecuador, Greece, Italy, Peru, and Turkey. The program to assist libraries and binational centers is primarily designed to acquire or construct buildings and facilities for these purposes. These programs include plans for buildings in Bolivia, Brazil, Colombia, Peru and Turkey.

#### COUNTRY BREAKDOWN OF CURRENCIES

The following table indicates plans for use of all foreign currencies being generated for sales agreements concluded through May 31, 1958.

*Planned uses of foreign currency under title I, Public Law 480, agreements signed from beginning of program through May 31, 1958<sup>1</sup>*

[Amounts are in millions of dollars equivalent at the deposit rate of exchange]

Country	Total amount programmed (market value including O. T.)	Market development 104 (a)	Purchase of strategic material 104 (b)	Military procurement 104 (c)	Purchase of goods for other countries <sup>2</sup> 104 (d)	Grants for multitrade and economic development 104 (e)	Loans to private enterprise 104 (e)	Payment of United States obligations <sup>3</sup> 104 (f)	Loans to foreign governments 104 (g)	International educational exchange 104 (h)	Translation and publication 104 (i)	Information and education 104 (j)
Argentina.....	\$31.1	\$0.6						\$9.8	\$20.0	\$0.7	\$0.1	\$0.6
Austria.....	42.9	1.0			( <sup>2</sup> ) \$3.1			11.8	26.3			
Bolivia.....	6.8	1.3		( <sup>4</sup> )				5.4	2			
Brazil.....	179.9	2.7		\$2.0				22.3	149.4	2.1	.5	.9
Burma.....	40.7	.9			( <sup>2</sup> )			6.0	32.5		.5	.8
Chile.....	39.6	.8		.1				5.8	31.7	1.2		
China (Taiwan).....	21.9	.7		10.9			\$3.0	6.0		1.3		
Colombia.....	38.7	1.1		.1	( <sup>2</sup> )		2.2	6.4	26.5	.6	.1	1.7
Ecuador.....	8.1	.4						8	13.6	.4		.2
Egypt.....	19.6	.5					2.3	4.7		.8		
Finland.....	36.1	1.6			<sup>2</sup> 13.0		6.4	18.8		1.0	.2	.3
France.....	27.7	1.6			4.6			13.4		1.0		.7
Germany.....	1.2	1.1					2.9	14.4	37.4	.5		1.5
Greece.....	66.0	1.8				\$7.5	.7	3.9	234.1	1.8	1.1	1.
Iceland.....	5.8	1				54.0		61.2	77.4	.6		
India, 3-year program.....	362.4	4.0			<sup>2</sup> 5.0			15.7				
Indonesia.....	96.7	1.0	\$2.0					2.8	2.6	.8		
Iran.....	12.4			6.0				19.4	57.8			
Israel.....	86.6	.7			( <sup>2</sup> )		8.7	10.4				
Italy.....	152.9	2.7			<sup>2</sup> 10.0		6.2	31.6	100.5		.5	1.4
Japan.....	150.8	3.3		( <sup>4</sup> )	10.9			25.6	108.9	2.1		
Korea.....	132.0	.5		106.8			2.0	21.2		.9		.6
Mexico.....	28.2	2.5					7.1	( <sup>4</sup> ) 2.9	13.6	1.2		.9
Netherlands.....	3	.3										
Pakistan.....	186.1	2.4		79.3			16.4	28.7	54.4	2.1	1.3	1.5
Paraguay.....	3.0	.2						2.2		.2		
Peru.....	25.2	1.7		.1			1.9	3.9	16.0	1.0	.2	.4
Philippines.....	10.3	.8		2.1				1.4	5.2	.8		
Poland.....	138.0				( <sup>2</sup> )			138.0				
Portugal.....	7.1	.3						3.1	3.4	.3		
Spain.....	257.3	3.1						106.2	145.9	1.1	.5	.5
Thailand.....	4.6	.7						.8	2.1	.6	.1	.3





The following table shows in detail actual exports under title I by commodities for 6-month periods through December 31, 1957.

*Title I, Public Law 480, shipments by 6-month periods, January 1955 through December 1957, quantity and estimated market value<sup>1</sup>*

[In thousands]

Commodity	Unit	January-June 1955		July-December 1955		January-June 1956		July-December 1956		January-June 1957		July-December 1957		January 1955-December 1957	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Grains:															
Wheat and wheat flour...	Bushels...	23,756	\$42,406	34,728	\$55,871	58,920	\$97,464	68,113	\$108,837	133,472	\$222,682	77,546	\$131,049	396,535	\$658,308
Corn...	do	3,842	4,830	5,259	7,474	5,841	8,194	8,668	12,739	5,299	7,524	5,959	8,850	30,916	44,781
Barley...	do	3,440	3,034	6,422	6,766	462	487	13,690	16,056	6,602	7,375	2,051	2,330	33,069	37,844
Oats...	do	754	779	1,306	927			815	588	140	101			6,701	4,650
Grain sorghums...	do			1,953	1,963	1,980	2,150							4,687	4,892
Fats and oils:															
Cottonseed oil...	Pounds...	50,702	7,328	79,910	12,477	224,820	36,758	77,954	12,692	8,534	1,369	38,703	6,185	480,623	76,809
Soybean oil...	do			49,855	7,387	129,122	23,284	204,705	33,326	385,618	63,447	20,689	3,423	789,989	130,867
Linseed oil...	do			2,326	399	887	150	384	66	3,581	546	640	79	1,240	
Lard...	do					105,791	12,918	14,990	1,835	63,068	7,926	2,746	439	186,595	23,118
Tallow...	do					10,609	934	33,148	3,055	85,905	7,969	45,937	3,814	175,599	15,772
Dairy products:															
Nonfat dry milk...	do					12,167	1,127					17,499	1,744	29,666	2,871
Dry whole milk...	do														
Evaporated milk...	do							358	164	1,618	715	567	238	2,543	2,117
Condensed milk...	do			3,262	430	2,192	239	5,078	679	4,469	582	2,079	309	17,090	2,289
Anhydrous milk fat...	do							1,260	277	6,612	1,417	468	98	8,340	1,792
Cheese...	do											37	20	37	20
Butter...	do					2,485	621	43	10	5,067	1,264	155	44	7,750	1,939
Butter oil...	do	2,453	962			4,745	1,853					654	255	7,852	3,070
Ghee...	do													1,630	851
Whey...	do							1,971	1,064			2,446	1,320	4,417	2,384
Meat and poultry:														1,957	130
Beef...	do														
Canned pork products...	do					4,484	1,808	24,373	7,761	50,874	14,371	11,119	2,944	90,850	26,884
Poultry...	do							661	354	18,682	9,233	216	72	19,559	9,659
Fresh fruits and vegetables:															
Canned fruit and juices...	do					185	50	4,024	1,081	245	66			4,454	1,197
Fresh fruits...	do														
								40	5	740	86	2,822	373	3,602	464
								1,078	75	306	15	24,056	1,190	25,440	1,280



[illegible]

<sup>1</sup> Quantity is based on tonnage shown on ocean bills of lading. Value is estimated export market value, basis United States port of export. Estimates are revised to reflect actual amounts financed by CCC when this information is obtained for completed reports.

P. A.'s.  
reports.

P. A.'s. These revisions account for most differences from amounts shown on previous reports.

## TITLE II—EMERGENCY ASSISTANCE PROGRAMS

Title II of Public Law 480 authorizes the use of up to \$800 million in commodities held in stock by CCC to help friendly foreign people to meet famine or other urgent or extraordinary relief requirements. Payment of ocean-freight costs on these commodities may be financed from this authorization, as well as on donations of surplus foods for use abroad under title III of the act. ICA is responsible for administering this program.

Donations under title II may be made to peoples of friendly nations as well as to friendly people of countries without regard to the friendliness of their governments. It is a means by which the President can make commodities available quickly in any part of the world when flood, drought, or other natural disaster might strike.

Title II programs have been used for a wide variety of humanitarian purposes. For example, 100,000 tons of corn was authorized for shipment to Austria. The feed grains were sold to generate local currency proceeds which in turn were used to help the Austrian Government meet emergency costs for Hungarian refugee relief purposes. About 15,000 tons of rice has been authorized recently to be shipped to Ceylon to relieve emergency conditions caused by floods. Floods in West Pakistan which destroyed food grain stocks and standing crops resulted in the shipment of 50,000 tons of wheat to that area.

Previously authorized programs include the shipment of 50,000 tons to Morocco because of drought conditions, and shipment of about 20,000 tons of wheat, 70,000 tons of corn and other feed grains to southern Peru, also because of drought. Although most donations under title II are conducted on a government-to-government basis, on occasion commodities are supplied through United States voluntary relief agencies. For example, \$6 million worth of cotton was authorized for shipment to Germany, Italy, Spain, and Korea to manufacture bedding and other cotton goods for use in charitable institutions and free distribution to the needy. Extensive child feeding programs are authorized under title II. Dry milk, cheese, and flour have been supplied to Tunisia for this purpose and commodities are also being furnished to Japan and Italy to expand school-lunch programs in these countries.

Through April 30, 1958, programs aggregating more than \$435 million have been authorized. These programs total about \$372 million worth of commodities with the remainder authorized to pay ocean transportation costs for title II shipments and title III foreign donations. The following table shows the status of programs authorized since the beginning of the program through April 30, 1958.



*Transfer authorizations, Public Law 480, title II, programs, fiscal year 1958 and cumulative programs as of Apr. 30, 1958*

[In thousands of dollars]

	Total	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
Fiscal year 1955.....	107,826	63,201	10,755	15,400	2,327	4,888	5,591	5,664
Fiscal year 1956.....	101,033	35,790	5,877	14,331	998	21,081	20,595	1,761
Fiscal year 1957.....	109,565	61,301	7,867	2,249	670	26,546	4,862	6,070
Fiscal year 1958 program:								
Europe, total.....	23,281	6,900	16,381					
Austria.....	15,481		15,481					
Italy.....	7,800	6,900	1,900					
Africa, total.....	4,340	3,900				440		
Tunisia.....	4,340	3,900				440		
Near East and South Asia, total.....	24,810	20,310					4,500	
Afghanistan.....	5,700	5,700						
Ceylon.....	9,050	4,550					4,500	
Pakistan.....	7,000	7,000						
Nepal.....	3,060	3,060						
Far East and Pacific, total.....	1,700						1,700	
Ryukyu Islands.....	1,700						1,700	
Total fiscal year 1958 commodity program.....	54,131	31,110	16,381			440	6,200	
Grand total.....	436,397	191,402	40,880	31,980	3,995	53,555	37,248	13,495
Commodities.....	372,555	191,402	40,880	31,980	3,995	53,555	37,248	13,495
Ocean freight:								
Title II shipments.....	15,314							
Title III foreign donations.....	48,528							

<sup>1</sup> Cornmeal.

### TITLE III—DOMESTIC AND FOREIGN DONATIONS—BARTER

#### DONATIONS

Title III of Public Law 480 expands the authority to donate agricultural surpluses for distribution in the United States and for shipment abroad through nonprofit voluntary agencies and intergovernmental organizations.

First priority for the distribution of surpluses is for programs within the United States. The domestic program is administered by agencies of the State governments operating under agreements with the Department of Agriculture. The State agencies order commodities from Department inventories and arrange for local receipt, storage, and for ultimate distribution to eligible recipients. These donations are supplemental to those made under section 32 of the Agricultural Act of 1935. Recipients of these commodities include children in public and private schools, persons in charitable institutions, and needy persons in family units. The program provides wholesome, high quality foods which result in better lunches for schoolchildren and improved levels of diets for needy persons.

Most voluntary relief agencies and intergovernmental organizations had been moving food abroad on regular relief programs prior to 1954. Under title III, these organizations are now able to distribute considerably larger amounts of food because the United States donates the commodities, pays processing and packaging costs, and, in some cases, pays the ocean transportation costs. This program is popular because the foods are given directly to persons unable to buy sufficient food. The commodities are marked as gifts from the people of the United States.

The following tables indicate the quantities of foods donated for domestic uses during the fiscal year 1957 and during the first 9 months of this year including donation under section 32.

Also shown is the value of commodities made available for donation abroad, by country, during the first 3 years that Public Law 480 was in effect.

*Quantities of surplus foods donated for domestic use, fiscal year 1957, and estimated, July to March, fiscal year 1958*

[In million pounds]

Commodity	Domestic							
	Schools		Institutions		Needy persons		Total	
	Fiscal year 1957	July to March, fiscal year 1958	Fiscal year 1957	July to March, fiscal year 1958	Fiscal year 1957	July to March, fiscal year 1958	Fiscal year 1957	July to March, fiscal year 1958
Beans, dry.....	28.3	14.8	9.2	0.2	42.9	0.9	80.4	15.9
Butter.....	46.3	58.6	9.4	18.8	12.5	2.0	68.2	79.4
Butter oil.....								
Cheese.....	31.7	26.2	15.6	9.5	71.6	41.5	118.9	77.2
Cornmeal.....	17.7	14.6	9.5	5.8	89.9	61.3	117.1	81.7
Corn.....	.5		.4				.9	
Cottonseed oil.....								
Eggs, shell.....	30.0		7.2				37.2	
Egg solids, dried.....		4.7						4.7
Flour.....	46.1	52.8	56.8	51.9	140.8	102.6	243.7	207.3
Grapefruit, canned.....		6.5						6.5
Ground beef—frozen.....	71.3						71.3	
Lard.....	16.5		6.0		1.6		24.1	
Milk, nonfat, dry.....	23.6	17.7	15.5	9.3	82.7	56.3	121.8	83.3
Peanut butter.....		4.9						4.9
Pork, corned and frozen.....	52.1				1.2		52.3	
Rice.....	21.9	17.3	10.8	6.2	47.6	37.5	80.3	61.0
Turkeys, frozen.....	22.6		2.6				25.2	
Wheat.....	1.9		6.4		(2)		8.3	
Other <sup>3</sup> .....	7.1		5.1				12.2	
Total.....	417.6	218.1	154.5	101.7	489.8	302.1	1,061.9	621.9

<sup>1</sup> Special distribution for hurricane disaster relief in Puerto Rico.

<sup>2</sup> Less than 50,000 pounds.

<sup>3</sup> Includes commodities distributed domestically in limited amounts during fiscal year 1957: Cabbage, fresh plums, sweetpotatoes, and cottonseed oil.



*Title III, Public Law 480—Sec. 416, foreign donations, fiscal years 1955-57*

[Thousand pounds—thousand dollars]

Country	1955		1956		1957	
	Pounds	Cost	Pounds	Cost	Pounds	Cost
Aden.....					36	\$7
Afghanistan.....			229	\$42	250	51
Africa, French Equatorial.....						
Africa, West French.....			110	20	1,070	219
Algeria.....			124	31	7,737	850
Antigua.....	500	\$92	415	76		
Austria.....	7,564	3,360	23,521	10,667	11,856	3,203
Bahama Islands.....			255	107	247	78
Belgian Congo.....						
Belgium.....	85	35	195	89	250	59
Bolivia.....	3,994	1,412	9,062	2,723	6,453	1,175
Brazil.....	12,282	2,542	25,912	5,369	11,117	1,942
Burma.....	498	91	1,639	302	1,816	356
Cambodia.....					126	26
Canary Islands.....			480	18		
Ceylon.....	449	82	477	88	40,267	5,306
Chile.....	1,065	195	1,122	238	8,481	1,082
China.....						
Colombia.....	4,381	946	13,982	3,164	16,860	2,872
Costa Rica.....			132	52	1,086	359
Czechoslovakia.....						
Dominica.....			866	159		
Ecuador.....	874	160	688	176	1,437	242
Egypt.....	57,758	23,544	35,960	17,514	2,694	274
England.....	90	49	149	56	54	18
Ethiopia.....			144	26	36	7
Finland.....	1,000	737	2,200	1,423		
Formosa.....	9,720	2,603	48,636	9,612	91,064	10,529
France.....	6,124	2,840	12,182	6,413	2,773	568
Gambia.....			263	48	351	72
Gaza.....					882	181
Germany.....	44,611	18,530	85,915	33,108	72,373	15,407
Goa.....	499	314	400	207	350	62
Gold Coast.....	54	10	875	371	215	79
Greece.....	29,526	12,787	62,063	22,084	98,682	14,902
Grenada.....			338	62	338	69
Guadaloupe.....					135	39
Guatemala.....	1,385	254			1,594	327
Guiana, British.....			667	171	72	15
Guiana, French.....			241	44	241	49
Haiti.....	2,460	463	1,792	595	2,008	240
Holland.....			4	(1)		
Honduras.....	1,482	543	470	86	3,340	738
Honduras, British.....			650	120	325	67
Hong Kong.....	2,689	631	21,060	3,460	52,868	6,625
India.....	60,041	27,890	76,898	29,318	86,002	17,841
Indonesia.....	999	202	3,924	691	6,334	1,260
Iran.....	2,739	949	2,643	927	5,584	983
Iraq.....			3,575	658	1,925	395
Ireland, North.....						
Israel.....	902	378	4,237	1,646	13,308	2,291
Italy.....	85,843	35,649	290,668	44,442	307,161	27,098
Jamaica.....			4,420	1,215	3,625	835
Japan.....	6,281	1,623	24,797	4,460	31,386	4,809
Java.....	60	11				
Jordan.....	3,646	1,573	1,792	598	5,567	929
Kenya.....			510	130	520	107
Korea.....	50,041	10,597	91,209	16,790	226,331	27,249
Laos.....					208	29
Lebanon.....	537	139			1,150	236
Liberia.....	99	18	100	18	36	7
Libya.....	537	99	1,384	255	3,359	1,116
Macao.....					1,257	136
Malay States.....	971	337	1,850	473	1,796	359
Malta.....	396	160	3,015	1,609	3,086	563
Martinique.....			200	37	200	41
Mexico.....			1,474	357	3,163	426
Montserrat.....	108	20			142	29
Morocco, French.....	511	149	1,092	327	12,475	2,342
New Guinea, Netherland.....			132	24		
Nigeria.....	50	9	437	80	85	17
North Borneo.....	40	7	140	26	120	25
Norway.....						
Nyasaland.....			36	7	36	7
Okinawa.....	360	66	3,433	406		

See footnote at end of table.

*Title III, Public Law 480—Sec. 416, foreign donations, fiscal years 1955–57—Con.*

Country	1955		1956		1957	
	Pounds	Cost	Pounds	Cost	Pounds	Cost
Pakistan.....	13,317	4,796	29,874	11,448	60,531	9,679
Palestine.....						
Panama.....	1,252	386	3,732	1,218	5,350	1,615
Paraguay.....	1,095	201	5,593	109	1,121	230
Peru.....	4,719	927	5,690	978	6,075	1,122
Philippine Islands.....	3,437	659	6,030	1,083	14,282	2,675
Portugal.....			17,543	4,825	24,309	4,415
Ryukyu Islands.....	1,250	252	1,880	416	4,960	739
St. Kitts.....			514	95	514	105
St. Helena.....					110	23
St. Lucia.....	250	46				
St. Vincent.....			386	71	386	79
San Salvador.....			1,119	206	2,475	601
Sarawak.....	305	56	1,225	225	900	185
Scotland.....						
Sierra Leone.....			36	7	36	7
Singapore.....	80	15	276	51		
Spain.....	56,938	19,181	129,089	33,814	74,452	17,845
Sudan.....			36	7		
Surinam.....			681	125	681	140
Syria.....			655	120	1,020	209
Thailand.....			200	37	371	67
Trieste.....	1,806	677	2,255	848	7,900	1,440
Tripoli.....						
Trinidad and Tobago.....			680	125	301	62
Tunisia.....	379	125	394	104	2,561	378
Turkey.....	664	218	1,250	297	3,509	712
Wales.....						
Virgin Islands, British.....			91	17	85	17
Vietnam.....	5,435	1,497	96,124	14,323	178,517	22,780
Yugoslavia.....	37,807	16,063	29,141	8,724	182,191	31,369
Total.....	531,985	197,195	1,200,678	302,488	1,727,877	253,719
Number of countries.....	57		84		85	

<sup>1</sup> Less than \$500.

#### ALLOCATION OF PROGRAM COSTS

This committee concurs in the recommendations of the Senate Committee on Agriculture and Forestry with respect to the allocation of program costs as expressed in Senate Report No. 1357, 85th Congress. In accounts and statements dealing with price support program costs, those costs and charges connected with the donation of agricultural commodities for relief purposes, donations, or cash transfers to the armed services or to schools, and all similar uses of agricultural commodities in the furtherance of programs other than farm price support, should be allocated to the objective or program for which they are used.

#### BARTER

##### *Authority and policy*

The basic authority for the Department of Agriculture to carry on a barter program is contained in section 104 (h) of the Commodity Credit Corporation Charter Act (act of August 29, 1948) and at least four other acts of Congress. Section 303 of Public Law 480 was included in that act, therefore, not so much as additional authority as it was a declaration of policy on the part of Congress that such a program should be carried on. The reason why some such declaration of policy was necessary was because at that time there was no provision of law permitting the Commodity Credit Corporation to turn over to



other Government agencies all the materials it received in barter and receive reimbursement therefor. Those responsible for the conduct of CCC affairs understandably argued that they should not tie up substantial amounts of CCC borrowing power in strategic and other materials which, valuable as they might be to the Nation, could neither be sold by CCC nor used to carry out its price-support functions. Since that time, provisions have been made for CCC to receive reimbursement in cash or appropriations for all of the materials taken by the Corporation in barter operations.

The primary purpose of section 303, therefore, was to relieve CCC officials of the necessity for making policy determinations with respect to the advisability of the barter program and to declare as a policy of Congress that the exchange of surplus agricultural commodities which are costly to store and deteriorate in storage for strategic and other materials less subject to deterioration and less costly to store was in the public interest, was a sound protection of the funds and assets of the Commodity Credit Corporation, and was to be undertaken as a matter of policy whenever practicable. The effect of this new policy was to increase the disposal of surplus agricultural commodities by barter from a rate of a little more than \$20 million per year to a rate of almost \$300 million per year. Surpluses disposed of during this augmented barter program included more than 203 million bushels of wheat, 114 million bushels of corn, 63 million bushels of barley, 38 million bushels of rye, 39 million hundredweight of grain sorghums, and 1.4 million bales of cotton. Details are shown in the following table:

*Agricultural commodities exported under barter contracts in specified periods*<sup>1</sup>

[In thousands of units]

Commodities	Unit	1949-50 through 1953-54	1954-55 through 1956-57	July-December 1957 <sup>2</sup>		
				Under all con- tracts	1954-55 through 1956-57 con- tracts	1957-58 con- tracts
Wheat.....	Bushel.....	33, 445	200, 178	3, 052	3, 052	-----
Corn.....	do.....	9, 338	105, 428	9, 033	9, 033	-----
Barley.....	do.....	-----	62, 057	1, 493	1, 493	-----
Oats.....	do.....	-----	36, 681	1, 353	1, 353	-----
Rye.....	do.....	-----	11, 448	130	130	-----
Grain sorghums.....	Hundredweight.....	990	39, 261	22	22	-----
Cottonseed oil.....	Pound.....	4, 630	34, 731	-----	-----	-----
Wool.....	do.....	-----	-----	3, 063	3, 063	-----
Cotton <sup>3</sup> .....	Bale.....	56	1, 022	420	420	-----
Others <sup>4</sup> .....	Metric ton.....	20	99	7	7	-----
Total quantity.....	do.....	1, 227	12, 427	486	486	-----
Total value.....	-----	Million dollars 107.6	Million dollars 823.7	Million dollars 75.0	Million dollars 75.0	Million dollars -----

<sup>1</sup> Year beginning July 1.

<sup>2</sup> Includes partial estimate for December.

<sup>3</sup> Represents sales with exportation to be made by July 31, 1958, under cotton export sales program announcement CN-EX-4 dated Feb. 19, 1957, as amended.

<sup>4</sup> Includes flaxseed, dried skim milk, linseed oil, cottonseed meal, soybeans, tobacco, peanuts, beans, and rice.

Forty-five countries have received agricultural commodities exported under barter arrangements under the barter program July 1, 1954, through December 31, 1957, as shown in table XV.

*Termination of program*

In May 1957, the Department brought this apparently successful program to an abrupt halt. It issued a new set of regulations which were admittedly designed, according to Department testimony before this committee, to put a stop to the barter program. That it was successful in this objective is apparent from the Seventh Semi-annual Report of the President on Public Law 480, which states that only \$3 million in barter contracts were negotiated in the 6 months starting July 1, 1957, compared with more than \$125 million in the previous 6 months' period and an average of \$145 million each 6 months during the expanded barter program.

In later testimony before the committee, Department spokesmen questioned not only the wisdom of the barter program but of the strategic materials stockpiling program. The Department's action in this matter amounted to a direct veto by one executive agency of a policy of Congress which had been specifically stated in the original enactment of Public Law 480 and reaffirmed in subsequent extensions and amendments of the act. The reason given by the Department of Agriculture for terminating this program was that it believed barter transactions were interfering with cash sales. In spite of repeated questioning by committee members, however, Department witnesses have been unable to give one single convincing instance where a barter sale has interfered with or prevented a sale for dollars.

*The nature of barter*

In order to understand fully the committee's position on this matter, it is necessary to understand the nature of barter transactions as they were carried on by the Department prior to May 28, 1957. Under this program, the Department of Agriculture received from the Office of Defense Mobilization or other sources designated by the President lists of strategic and other materials desired for stockpiling. Private trading firms having access to sources of these foreign materials would then approach the Department of Agriculture with an offer to exchange specified quantities of these materials for agricultural surpluses in the hands of the Commodity Credit Corporation. Agreement on the price to be paid by CCC for the imported materials was reached by negotiation and the record shows that Department officials did an excellent job of bargaining. Contract price of most of these materials was below the going world price. The value of the surplus agriculture commodities to be taken by the contractor in exchange for the strategic materials was established either by competitive bidding or by the export price list of the CCC, which is published monthly.

Up to this point, the transaction is true barter, with CCC exchanging its surplus agricultural commodities for imported materials of equal value. Beyond this point, however, the transaction assumes the aspects of an ordinary commercial business transaction. The materials delivered to CCC for the stockpile were normally bought by the importer for dollars or dollar equivalents. Likewise, the grain, cotton, or other surplus received by the contractor in exchange for his imported materials was sold to importers in foreign countries for dollars or the equivalent thereof. The dollars paid out for the materials obtained in the barter program invariably came back in the form of increased dollar exports from this country—both agricultural and other products.



*Barter versus dollar sales*

In actual operation, then, the movement of surplus agricultural commodities disposed of by CCC in a barter transaction was a sale for dollars through normal commercial channels stimulated by the \$300 million spent abroad each year for purchase of the incoming materials. It is difficult, therefore, to follow the reasoning of spokesmen for the Department of Agriculture that more surplus commodities owned by CCC would have been disposed of for dollars without the barter program than were disposed of with it. The Department's efforts to demonstrate this assumption on its part have been entirely unconvincing. The real question involved, it seems to the committee, is whether more agricultural surpluses were disposed of profitably in the world market with the barter program in operation or without it.

On that score, the record is clear. Agricultural exports have fallen off sharply since the termination of the barter program. The latest published figures of the Department of Agriculture show that exports of cotton in the first 10 months of the current fiscal year are 25 percent below cotton exports for the same 10 months of the 1957 fiscal year. Likewise, exports of grains and feeds are down 20 percent in the first 10 months of this fiscal year, with exports of wheat and wheat flour off 26 percent.

The following table shows the export situation in some detail. The commodities listed are those which form the major part of the barter program. The first three columns show the actual exports of these commodities under the barter program for the fiscal years 1956 and 1957 and for the first 9 months of the current fiscal year (the latest period for which data are available). Department records indicate that virtually all of the commodities which have been exported this year under the barter program were delivered under barter contracts entered into prior to the termination of the previous program on May 28, 1957. The next two columns show total exports of these commodities for the fiscal years 1957 and 1958. The 1958 figure includes estimates for the month of June. As these columns show, our total exports (and this includes all Government programs, including donations) particularly of the important commodities wheat and cotton have declined substantially in the current fiscal year. The columns headed "Outside of Government programs" gives a direct comparison of what is commonly called "cash sales for dollars" before and after the termination of the barter program. These are the sales made in the usual commercial channels without the assistance of Government programs such as sales for foreign currency, ICA grants, etc. It should be remembered, however, that even these sales included Government assistance in the form of a subsidy or of a reduced selling price for exports. From these figures, it is difficult to agree with the assumption that sales under the barter program were interfering with cash sales. Dollar sales of wheat are 99 million bushels less since the end of the barter program than they were during the comparable period immediately before the program was terminated. Likewise, sales of cotton are 570,000 bales smaller since the termination of that program than they were in the immediately previous period. Rather than interfering with cash sales, it appears from this data that barter sales were actually adding to and stimulating cash sales, since the decrease in sales under the barter program during the current fiscal year is almost directly comparable with the decrease in cash sales during the same period.

## Exports of surplus agricultural commodities, fiscal years as indicated

[1,000 units]

Commodity	Unit	Under barter program			All export		Outside of Government programs		1958 compared with 1957	
		1956	1957	July-March 1958	1957	1958 <sup>1</sup>	July-March 1957	July-March 1958	Barter	Dollar sales
Wheat.....	Bushels.....	67,420	86,497	4,929	549,000	400,000	218,212	118,872	-81,568	-99,340
Corn.....	do.....	55,141	45,904	9,447	150,000	180,000	80,585	122,000	-36,457	41,415
Grain sorghum.....	Hundredweight.....	22,089	12,473	0	29,000	35,000	14,221	12,076	-12,473	-2,145
Barley.....	Bushels.....	41,839	14,908	1,684	62,000	80,000	21,186	47,561	-13,224	26,375
Oats.....	do.....	14,906	18,941	1,406	27,000	23,000	20,850	15,829	-17,535	-5,021
Rye.....	do.....	3,912	7,319	206	11,000	4,000	8,647	3,151	-7,113	-5,496
Cotton.....	Bales.....	51	970	428	7,300	5,600	3,826	3,256	-542	-570
Other <sup>2</sup> .....	Short tons.....	43	59	8						

<sup>1</sup> Partly estimated.<sup>2</sup> Includes flaxseed, butter, dry skim milk, linseed oil, cottonseed oil, cottonseed meal, soybeans, peanuts, dry beans, and rice.



*Is barter good business?*

To the extent that the barter program is removing from CCC warehouses agricultural commodities which gradually deteriorate in value and are costly to store and replacing them with strategic and other imported materials which do not deteriorate in storage and which cost relatively little to store, the barter program is resulting in a direct saving of many millions of dollars to the Federal Government. According to figures submitted by the Department of Agriculture at the request of this committee, the storage charges on materials received through the barter program from the start of that program in 1954 to December 31, 1957, were approximately \$103 million less than the storage charges would have been on the agricultural commodities which were given in exchange. For one specific example, industrial diamonds valued at slightly more than \$26 million have been procured as part of the barter program. The entire stockpile of industrial diamonds (of which those received in barter are only a small part) is stored in a bank vault at a total storage cost of \$1,500 per year. In contrast, the equivalent value of surplus commodities given in exchange for the barter diamonds would cost CCC over \$11 million per year to store.

In addition to the direct saving to taxpayers in storage charges resulting from the barter program, it is apparent that those in charge of the barter program in the Department of Agriculture and elsewhere have done a businesslike job of bargaining in making barter contracts. Most of the materials received by CCC in exchange for agricultural surpluses were obtained at less than world prices and have actually increased in value since their acquisition and are worth more today than they were at the time they were obtained. At the request of this committee, the Department of Agriculture submitted a special report on the barter program as of December 31, 1957. This report showed that the contract value of the strategic and other materials acquired by CCC under the program was \$878.6 million while their value on the world market at that time was \$924.3 million. On December 31, 1957, these same materials had a value at world prices of \$923.8 million. Aside from the incalculable strategic value of having these materials on hand and available in the United States in case of war or other emergency, it is obvious that from a strictly business standpoint the acquisition of these materials in exchange for agricultural surpluses was good business.

*Effect on domestic industry*

A collateral effect of termination of the barter program has been felt in those industries in the United States which were processing foreign ores and metals obtained under that program. One of the policy changes announced by the Department in its statement of May 28, 1957, was that henceforth it would not receive through barter any materials other than those processed outside the United States. Prior to that time, substantial quantities of ores and metals originating outside the United States had been processed or reprocessed in this country. The operating rate in the ferroalloy industry alone, for example, dropped from 85 percent of plant capacity prior to the termination of the barter program to 43 percent at the end of the first quarter of this year.

Another collateral result of the termination of the barter program was the drop in lead and zinc prices which has seriously affected the domestic industry in these metals. As will be seen from the following table, substantial quantities of lead and zinc were acquired under the barter program. These went into the supplemental stockpile (as do all of the nonstrategic materials acquired by barter) and thus were not in competition with domestic production of lead and zinc, but the procurement under the barter program had stabilized world prices at a level which was reasonably satisfactory to domestic producers. As indicated by the following table, the price of both lead and zinc was stable at 16 and 13.5 cents per pound, respectively, from January 1956 through April 1957—the period when these metals were being procured in quantity under the barter program. Immediately following the termination of the barter program, lead dropped to approximately 14 cents per pound and zinc to 10 cents. Since then, as barter contracts became completed, lead has dropped to slightly less than 12 cents per pound, while zinc has remained at approximately 10 cents.

*Quotations on common lead in New York and prime western zinc f. o. b. St. Louis*  
[Cents per pound]

Average monthly quotation	Lead	Zinc
January 1956 through April 1957.....	16	13.5
May 1957.....	15.385	11.923
June 1957.....	14.32	11.36
July 1957.....	14	10.005
August to September 1957.....	14	10
October 1957.....	13.692	10
November 1957.....	13.5	10
December 1957 through March 1958.....	13	10
April 1958.....	12	10
May 1958.....	11.712	10

Following is the list of materials which have been contracted for or acquired under the barter program for the supplemental stockpile. These are the so-called nonstrategic materials which are not included in the national stockpile set up by the Strategic and Critical Materials Stockpiling Act. The identity and quantity of the latter materials is classified information and cannot be included in this report.



## Supplemental stockpile materials, July 1, 1954, through Mar. 31, 1958

[In thousands]

Material	Unit	Negotiated contracts		Materials delivered		Origin country
		Quantity	Value	Quantity	Value	
Abrasive, crude aluminum oxide.....	Short ton.....	100	\$11,456	100	\$11,436	Canada.
Antimony.....	do.....	9	5,065	7	3,985	Mexico, Africa, Yugoslavia, United Kingdom.
Asbestos, chrysotile.....	do.....	2	894	2	891	Canada.
Bauxite.....	Long ton.....	1,440	20,886	0	0	Jamaica, Haiti, British West Indies.
Beryl ore.....	Short ton.....	1	215	0	0	Argentina, Brazil, South Africa, South Rhodesia, Portuguese East Africa.
Beryllium copper master alloy.....	Pound.....	4,750	9,888	0	0	India.
Bismuth.....	do.....	397	893	397	877	United Kingdom.
Cadmium.....	do.....	6,032	10,169	6,108	10,197	Belgium, West Germany, United Kingdom.
Chromium, electrolytic.....	Long ton.....	4	11,531	1	591	Japan.
Chromium, exothermic.....	do.....	2	4,247	2	2,362	West Germany, United Kingdom.
Cobalt metal.....	Pound.....	2,080	4,618	2,076	4,609	Belgium, Northern Rhodesia, Belgian Congo.
Diamonds.....	Carat.....	1,937	26,248	1,878	26,298	Africa.
Rare earths.....	Short ton.....	5	2,200	5	2,244	South Africa.
Ferrochrome-silicon.....	Long ton.....	29	9,961	29	10,291	India, South Africa, East Africa, Southern Rhodesia, Turkey.
Ferromanganese.....	do.....	392	79,966	397	79,187	Belgium, Chile, France, West Germany, India, Japan, Norway, Canada, Yugoslavia.
Fluorspar.....	Short ton.....	250	10,877	195	8,241	Italy, Mexico.
Lead.....	do.....	162	47,869	132	40,144	Australia, Bolivia, Colombia, Mexico, Peru, Spain, South Africa, Tasmania, Canada.
Manganese electrolytic.....	Long ton.....	4	2,512	3	2,113	India, Southwest Africa.
Manganese metal.....	do.....	52	3,247	0	0	South Africa.
Manganese ore, battery grade.....	do.....	43	3,562	12	998	Greece.
Palladium.....	Troy ounce.....	235	4,550	191	3,634	France, United Kingdom, Netherlands, Canada, Colombia, South Africa.
Selenium.....	Pound.....	60	435	0	0	Belgium, Canada, West Germany, Sweden, Japan or United Kingdom.
Silicon carbide.....	Short ton.....	55	9,894	16	2,904	Canada.
Titanium sponge.....	Long ton.....	9	51,151	2	16,195	Japan.
Zinc.....	Short ton.....	263	74,193	264	71,526	Australia, Belgium, West Germany, Italy, Japan, Mexico, Netherlands, Northern Rhodesia, Portugal, Canada, Yugoslavia.
Total value.....	-----	-----	408,527	-----	298,723	

Source: USDA, Apr. 30, 1958.

*Collateral benefits abroad*

One of the little-discussed but very substantial benefits that accrued under the barter program before it was discontinued by the Department was the assistance given our foreign policy by making possible purchases of strategic and other materials from countries throughout the world which, in many instances, have little other opportunity for profitable trade with the United States. It is difficult to evaluate the goodwill which was engendered by this opportunity for normal trade between the United States and these countries, but it was certainly substantial. The dollars spent for these materials were a substantial stimulant to world trade and in every case were returned in full to the United States in increased purchases of our products from the countries receiving the dollars. Dollar exports to the countries from which major purchases of barter materials were made in every case have increased over previous years at least to the value of the dollars spent in that country for these strategical and other materials.

The following table shows the value of materials delivered under the barter program for the calendar years 1954 through 1957 with the country of origin.

*Value of materials delivered under the barter program by country of origin for calendar years 1954 through 1957 (based on program operating records)*

[Value in millions of dollars]

Country of origin	Calendar years				
	1954	1955	1956	1957	Total
Africa <sup>1</sup>	\$11.0	\$49.5	\$34.4		\$94.9
Argentina		.1	.3	\$0.5	.9
Australia			6.0	10.9	16.9
Belgian Congo			3.0	4.4	7.4
Belgium		.3	6.1	5.8	12.2
Bolivia			1.0	1.1	2.1
Brazil		.2	.5	1.5	2.2
Canada	2.7	6.7	21.2	30.8	61.4
Ceylon			.1	.2	.3
Chile		.2		1.3	1.5
Colombia	.6	.6	.2		1.4
Cuba			.3		.3
Formosa		.1			.1
France	.5	2.0	9.2	7.8	19.5
Ghana				.5	.5
Germany, West	.2	2.0	14.2	13.5	29.9
Greece			.4	.4	.8
India		2.0	4.6	4.1	10.7
Italy		2.3	5.2	3.0	10.5
Jamaica				1.0	1.0
Japan	3.1	19.7	15.1	12.2	50.1
Madagascar			.1		.1
Mexico		2.1	16.1	27.4	45.6
Netherlands		2.4	1.1	.5	4.0
New Caledonia		1.7	1.7	.1	3.5
Northern Rhodesia			.2	7.8	8.0
Norway		.9	.7		1.6
Peru			2.4	9.0	11.4
Philippine Islands		6.9	6.6	2.7	16.2
Portugal			.2		.2
Portuguese East Africa		8.5	6.3	1.1	15.9
South Africa		4.8	21.1	49.3	75.2
Southwest Africa				.5	.5
South Korea			.4		.4
Southern Rhodesia	.1	.3	7.3	3.7	11.4
Spain			.2		.2
Sweden		.3	.1		.4
Tasmania			.6		.6
Trieste	.6	.7			1.3
Turkey		9.8	18.3	23.0	51.1
United Kingdom		2.5	1.7	1.5	5.7
Yugoslavia		.4	.5	4.8	5.7
Unidentified <sup>2</sup>				5.5	5.5
Total	18.8	127.0	207.4	235.9	589.1

<sup>1</sup> Represents diamond deliveries for which individual countries are not available.

<sup>2</sup> Represents friendly foreign countries for which allocation not available.



At a time when the Soviet bloc is entering into an obvious campaign to make trade arrangements and establish other economic ties with many of the underdeveloped countries of the world, it seems to the committee that the opportunity for profitable trade which was afforded these countries by our now-discontinued barter program is an important consideration. Through the barter program we have an opportunity to obtain minerals and other materials which, while perhaps not urgently needed at this time, are not produced in adequate quantities in this country and, in fact, are produced in only limited quantities throughout the world. With the cutoff in the barter program, this type of trade with the United States has been virtually discontinued. The producing countries denied their opportunity to trade with the United States, will look for other buyers for their materials and in many instances those buyers will doubtless be members of the Soviet bloc.

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman) :

### AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954,<sup>1</sup> AS AMENDED

#### AN ACT

To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

SEC. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

## TITLE I—SALES FOR FOREIGN CURRENCY

SEC. 101. In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President shall—

(a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities;

(b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation;

(c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on underdeveloped and new market areas;

(d) seek and secure commitments from participating countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, without specific approval of the President; and

(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act. (7 U. S. C. 1701)

SEC. 102. (a) For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale hereunder to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and (2) shall make funds available to finance the sale and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation. In supplying such commodities to exporters under this subsection the Commodity Credit Corporation shall not be subject to the sales price restrictions in section 407 of the Agricultural Act of 1949, as amended. The commodity set-aside established for any commodity under section 101 of the Agricultural Act of 1954 (68 Stat. 897) shall be reduced by a quantity equal to the quantity of such commodity financed hereunder which is exported from private stocks.

(b) In order to facilitate and maximize the use of private channels of trade in carrying out agreements entered into pursuant to this Act, the President may, under such regulations and subject to such safeguards as he deems appropriate, provide for the issuance of letters of commitment against funds or guaranties of funds supplied by the Commodity Credit Corporation and for this purpose accounts may be established on the books of any department, agency, or establishment



of the Government, or on terms and conditions approved by the Secretary of the Treasury in banking institutions in the United States. Such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds.

Sec. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended. Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act.

(b) Transactions shall not be carried out under this title which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of **[\$4,000,000,000]** \$5,500,000,000. This limitation shall not be apportioned by year or by country, but shall be considered as an objective as well as a limitation, to be reached as rapidly as possible so long as the purposes of this Act can be achieved within the safeguards established.

Sec. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis;

(b) To purchase or contract to purchase strategic and critical materials, within the applicable terms of the Strategic and Critical Materials Stockpile Act, for a supplemental United States stockpile or such materials as the President may determine from time to time under contracts, including advance payment contracts, for supply extending over periods up to ten years. All strategic and critical materials acquired under authority of this title shall be placed in the above named supplemental stockpile and may be additional to the amounts acquired under authority of the Strategic and Critical Materials Stockpile Act. Materials so acquired shall be released from the supplemental stockpile only under the provisions of section 3 of the Strategic and Critical Materials Stockpile Act;

(c) To procure military equipment, materials, facilities, and services for the common defense;

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations, for which purposes not more than 25 per centum of the currencies received pursuant to each such agreement shall be available through and under the procedures established by the Export-Import Bank for loans mutually agreeable to said bank and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however,* That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b)) *and for the financing of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446.* In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes;

(i) For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided,* That not more than \$5,000,000 may be allocated for this purpose during any fiscal year;

(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection

(j) without appropriation therefor;



(k) *For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: Provided, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;*

(l) *For financing trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U. S. C. 1992);*

(m) *For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books periodicals and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;*

(n) *For providing assistance, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies:*

*Provided, however, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (d) and (e) [and] except when used for cooperative non-self-liquidating projects for the development of human resources and skills; for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title: Provided, however, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title.*

SEC. 105. Foreign currencies received pursuant to this title shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104 of this title, and any department or agency of the government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used.

SEC. 106. As used in this Act, "surplus agricultural commodity" shall mean any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either privately or publicly owned, which is or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture. The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country after advising with other agencies of Government affected and within broad policies laid down by the President for implementing this Act.

SEC. 107. As used in this Act, "friendly nation" means any country other than (1) the U. S. S. R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

SEC. 108. The President shall make a report to Congress with respect to the activities carried on under this Act at least once each six months and at such other times as may be appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102 (a) hereof are sold.

SEC. 109. No transactions shall be undertaken under authority of this title after June 30, [1958] 1959, except as required pursuant to agreements theretofore entered into pursuant to this title.

## TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.

SEC. 202. The President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies: *Provided*, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.

SEC. 203. Not more than \$800,000,000 (including the Corporation's investment in the commodities) shall be expended for all such transfers and for other costs authorized by this title. The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f. o. b. vessels in United States ports and, upon



a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416. Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after June 30, [1958] 1959.

### TITLE III—GENERAL PROVISIONS

SEC. 301. [This section contains an amendment to section 407 of the Agricultural Act of 1949 (p. 160), authorizing Commodity Credit Corporation to make commodities available to relieve distress.]

SEC. 302. [This section contains a revision of section 416 of the Agricultural Act of 1949 (p. 165), which authorizes various methods of disposition by Commodity Credit Corporation of commodities in surplus supply.]

[SEC. 303. Whenever the Secretary has reason to believe that, in addition to other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation, there may be opportunity to protect the funds and assets of the Commodity Credit Corporation by barter or exchange of such agricultural commodities for (a) strategic materials entailing less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs, he is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private trade channels, such barters or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barters or exchanges. Agencies of the United States Government procuring such materials, goods or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. Strategic materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing strategic materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.]

*Sec. 303. The Secretary is directed, to the maximum extent practicable within the limit permitted by this section, to barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) strategic materials or other materials of which the United States does not domestically produce its requirements and which entail*

*less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for off-shore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barters or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barters or exchanges: Provided, That the total volume of the transactions directed by this section shall not exceed \$500,000,000 annually, unless specifically authorized by the Congress. In carrying out barters or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except where the Secretary has made a specific finding as to a particular transaction that such transaction will replace a cash sale for dollars. The authorities contained in this section shall, in addition to other types of transactions, permit the domestic processing of raw materials of foreign origin or of domestic origin where the domestic processor agrees to import an equivalent amount of similar foreign material. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.*

SEC. 304. (a) The President shall exercise the authority contained in title I of this Act (1) to assist friendly nations to be independent of trade with the Union of Soviet Socialist Republics and with nations dominated or controlled by the Union of Soviet Socialist Republics and (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations.

(b) Nothing in this Act shall be construed as authorizing transactions under title I or title III with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China.

SEC. 305. All Commodity Credit Corporation stocks disposed of under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by, as far as practical, appropriate marking on each package or container as being furnished by the people of the United States of America.

SEC. 306. *Any provision of this Act or of section 32 of the Act of August 24, 1935, as amended (7 U. S. C. 612c), may be extended by the President to any area under the jurisdiction or administration of the United States.*



## AGRICULTURAL ACT OF 1949, AS AMENDED

## AN ACT

To stabilize prices of agricultural commodities.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Act of 1949."*

## TITLE I—BASIC AGRICULTURAL COMMODITIES

SEC. 101. The Secretary of Agriculture (hereinafter called the "Secretary") is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 per centum of the parity price of the commodity nor less than the level provided in subsections (a), (b), and (c) as follows:

(a) For tobacco (except as otherwise provided herein), corn, wheat, and rice, if the supply percentage as of the beginning of the marketing year is:

*The level of support shall be not less than the following percentage of the parity price:*

Not more than 102	90
More than 102 but not more than 104	89
More than 104 but not more than 106	88
More than 106 but not more than 108	87
More than 108 but not more than 110	86
More than 110 but not more than 112	85
More than 112 but not more than 114	84
More than 114 but not more than 116	83
More than 116 but not more than 118	82
More than 118 but not more than 120	81
More than 120 but not more than 122	80
More than 122 but not more than 124	79
More than 124 but not more than 126	78
More than 126 but not more than 128	77
More than 128 but not more than 130	76
More than 130	75

\* \* \* \* \*

(d) Notwithstanding the foregoing provisions of this section—

(1) if producers have not disapproved marketing quotas for such crop, the level of support to cooperators shall be 90 per centum of the parity price for the 1950 crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect;

(2) if producers have not disapproved marketing quotas for such crop, the level of support to cooperators shall be not less than 80 per centum of the parity price for the 1951 crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect;

(3) the level of price support to cooperators for any crop of a basic agricultural commodity, except tobacco, for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price of such commodity; and no price sup-

port shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;

(4) the level of price support for corn to cooperators outside the commercial corn-producing area shall be 75 per centum of the level of price support to cooperators in the commercial corn-producing area;

(5) price support may be made available to noncooperators at such levels, not in excess of the level of price support to cooperators, as the Secretary determines will facilitate the effective operation of the program.

(6) Except as provided in subsection (c) and section 402, the level of support to cooperators shall be not more than 90 per centum and not less than  $82\frac{1}{2}$  per centum of the parity price for the 1955 crop of any basic agricultural commodity with respect to which producers have not disapproved marketing quotas; within such limits, the minimum level of support shall be fixed as provided in subsections (a) and (b) of this section.<sup>2</sup>

(7) Where a State is designated under section 335 (e) of the Agricultural Adjustment Act of 1938, as amended, as outside the commercial wheat-producing area for any crop of wheat, the level of price support for wheat to cooperators in such State for such crop of wheat shall be 75 per centum of the level of price support to cooperators in the commercial wheat-producing area.

(8) *For the 1959, 1960, and 1961 crops, the level of support for any crop of rice for which producers have not disapproved quotas shall be such level not less than 75 per centum or more than 90 per centum of the parity price therefor as the Secretary determines after consideration of the factors specified in section 401 (b).*

\* \* \* \* \*

## TITLE II—DESIGNATED NONBASIC AGRICULTURAL COMMODITIES

SEC. 201. The Secretary is authorized and directed to make available (without regard to the provisions of title III) price support to producers for tung nuts, honey, milk, butterfat, and the products of milk and butterfat as follows:

(a)

(b) The price of tung nuts and honey, respectively, shall be supported through loans, purchases, or other operations at a level not in excess of 90 per centum nor less than 60 per centum of the parity price therefor;

(c) The price of whole milk, butterfat, and the products of such commodities, respectively, shall be supported at such level not in excess of 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines [necessary in order to assure an adequate supply. Such price support shall be provided through loans on, or purchases of, milk and the products of milk and butterfat, and for the period ending March 31, 1956, surplus stocks of dairy products owned by the Commodity Credit Corporation may be disposed of by any methods determined necessary by the Secretary]. *Such price*



support shall be provided through loans on, or purchases of, milk and the products of milk and butterfat and the Secretary shall require of the vendor of any such products purchased under this section a certification that producers were paid the price support in effect at the time of purchase for the milk or butterfat used in the products purchased. For the period beginning September 1, 1954, and ending June 30, 1955, not to exceed \$50,000,000, and for the fiscal year ending June 30, 1956, not to exceed \$60,000,000, and for each of the [two] fiscal years in the period beginning July 1, 1956, and ending June 30, [1958] 1961, not to exceed \$75,000,000, of the funds of the Commodity Credit Corporation shall be used to increased the consumption of fluid milk by children in (1) nonprofit schools of high-school grade and under; and in (2) nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children.

(d) Notwithstanding any other provision of law, the Secretary shall, through the Commodity Credit Corporation, by means of payments, support the price to producers of milk and butterfat used in manufactured dairy products at not less than 90 per centum of the parity equivalent price during the marketing years ending March 31, 1960, March 31, 1961, and March 31, 1962: Provided, That the Secretary may reduce the level of price support for any such marketing year by 3 per centum of the parity equivalent price for each 1 per centum of marketing base by which the Federal Dairy Board establishes marketing quotas for such marketing year above the lowest quota authorized by subparagraph (3) (A) hereof: Provided further, That the total amount of payments to producers for any marketing year shall not exceed an amount equivalent to the total amount of compliance deposits forfeited by producers in the same marketing year.

(1) Not later than March 1 of each calendar year, the Federal Dairy Board (hereinafter referred to as the "Board") shall estimate and determine for the marketing year starting in that calendar year the average market price of milk used in manufactured dairy products which would be received by farmers in the absence of any Federal price-support operations. If the Board determines that such price will be less than 90 per centum of the probable parity equivalent price therefor, it may establish as a condition of eligibility for price-support payments for such marketing year a requirement that producers comply with such marketing quotas as may be established for each individual dairy farm.

(2) The Secretary shall establish a base for each producer desiring to market milk or butterfat. Bases shall be assigned to producers, including partnerships, corporations, or other business entities, and not to herds or farms. The Secretary shall provide by rules or regulations for the transfer of bases in whole or in part, for the assignment of bases to new producers, for the equitable adjustment of bases to avoid hardship, for such other adjustments consistent with the objectives of this Act as he deems appropriate, including adjustments for deficit production areas, and for such other matters as may be necessary or appropriate to set up and operate effectively and efficiently the program herein authorized. In establishing such bases the Secretary shall take into consideration historical production, trends,

abnormal production during the historical period, and such other factors as may be appropriate to establish such bases in an equitable and practical manner. Bases established by the Secretary shall continue in effect from year to year, but such bases shall be subject to modification and adjustments from time to time.

(3) When marketing quotas are required under provisions of paragraph (1) above the marketing quota for each farm may be calculated by deducting not to exceed 2 per centum from the farm marketing base for each 5 per centum by which the Board estimates that the average market price of milk used in manufactured dairy products would be below 90 per centum of the parity equivalent price, in the absence of any Federal price support operations.

(4) When marketing quotas are required, compliance deposits of not less than 25 cents nor more than 50 cents per hundredweight of milk, as determined by the Board to be the amount required to encourage compliance with marketing quotas, shall be withheld from and shall be collected from each producer who sells milk, butterfat, or dairy products. Every person purchasing milk, butterfat, or dairy products from a producer (except purchases by consumers for other than commercial uses) shall withhold from the purchase price an amount equal to the compliance deposit and shall remit the same to the Commissioner of Internal Revenue. For the purposes of this section, milk, butterfat, or dairy products delivered by a producer to a cooperative association of producers shall be subject to the withholding of the deposit upon such delivery. Returns shall be filed and remittances made monthly by such purchasers in accordance with rules prescribed by the Commissioner. The Commissioner of Internal Revenue shall collect the compliance deposits provided for herein and shall prescribe such rules and regulations as may be necessary to accomplish that purpose. Compliance deposits collected shall be credited to a special account of the Secretary of Agriculture to make refunds to milk producers who comply with marketing quotas as provided herein. The Secretary of Agriculture, annually prior to July 1 following the close of the immediately preceding marketing year, shall issue drafts on such special account to refund to each producer who complies with his marketing quota the entire amount of the compliance deposit withheld from such producer. The Secretary shall release to the Treasurer of the United States the total of compliance deposits of each producer who exceeded his marketing quota.

(5) A price-support deficiency payment shall be paid on all sales of milk and butterfat for manufacturing to each individual producer who complies with his marketing quota and shall be such as, within the limitations of the second proviso of the first sentence hereof, the Secretary determines to be sufficient, when added to the State average price received by producers for milk and butterfat used for manufactured dairy products, to equal a total return of not less than the support level established pursuant to this subsection for milk and butterfat used for manufactured dairy products on milk sold for manufacturing purposes for that State. Such payments shall be made to producers prior to July 1 next following the close of the marketing year. The Secretary shall calculate the monthly average net price received for milk and butterfat used in manufactured dairy products received in each State, using the price at the point of first sale out of



the producers' hands. A producer who sells milk under the terms of a Federal milk order and who complies with his marketing quota shall be eligible for a payment on milk diverted into manufactured dairy products.

(6) In December 1958, the Secretary shall conduct a nationwide referendum of milk producers to determine whether those voting approve the provisions of this subsection. If more than one-half of the producers voting in the referendum oppose this subsection, this subsection shall not be placed into effect and the price-support operations of the Secretary under subsection 201 (c) of the Agricultural Act of 1949 with respect to milk and dairy products shall remain in effect. The Secretary shall conduct the referendum, prescribing such rules and regulations as may be necessary. Only milk producers shall be eligible to vote. Any milk producer shall have only one vote and shall vote as an individual, rather than as a business entity. The ballot shall be in the following form:

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UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICIAL BALLOT

NATIONAL REFERENDUM OF MILK PRODUCERS

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**Mark this square if you favor—**

Establishment of a dairy income protection program, utilizing deficiency payments, compliance deposits, and marketing quotas based on 90 per centum of the parity equivalent price, in addition to Government purchases, storage and diversion as provided in the Agricultural Act of 1958.

**Mark this square if you favor—**

Continuation of price support utilizing Government purchases, storage and diversion with support at 75 to 90 per centum of the parity equivalent price, as provided by section 201 (c) of the Agricultural Act of 1949.

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The price support operations of the Secretary under subsection 201 (c) of this Act with respect to milk and dairy products shall be suspended after the first six months during which this Act shall be in effect, and remain suspended during any subsequent marketing year during which this Act shall be in effect.

FEDERAL DAIRY BOARD

(7) There is created in the Department to make the determinations and perform the functions provided in this subsection, a Federal Dairy Board consisting of fifteen members to be appointed by the President after receiving nominations from milk producers as provided herein. Only persons who are milk producers shall be eligible to serve on the Board.

(A) In order to secure appropriate regional representation on the Board, the United States shall be divided into fifteen Federal dairy districts to be designated by the Secretary. In designating such districts, the Secretary shall give consideration to (1) complete geographical representation of the United States and (2) the designation of districts, so that districts will be areas having equal annual sales of milk and butterfat, as nearly as possible without dividing any county into two or more districts.

(B) Each Federal dairy district shall be assigned one place on the Board. The milk producers in each district shall by ballot select three nominees for the place on the Board assigned to their district. Each milk producer shall be entitled to submit one name for nominee for the place on the Board to be filled from his district. The three candidates receiving the highest number of votes for nominee for each respective place on the Board shall be nominees for appointment to such place. The Secretary shall conduct an election of nominees between January 1 and January 15, 1959, and shall conduct any subsequent elections for the selection of such nominees, prescribe such rules and regulations as he may consider necessary in the administration of the duties assigned herein, determine all questions involving the qualifications of such nominees, members of the Board, or milk producers, resolve all tie votes for such nominees, and certify such nominees to the President. The decision of the Secretary in all such matters shall be final. The three nominees so selected for each place on the Board shall be received by the President, who shall select one of the three nominees for appointment to each place on the Board for which such nominees were selected. In making appointments to the Board, the President shall give careful consideration to securing an equitable representation of the various forms in which milk and its products are sold.

(C) Terms of Board members shall expire on June 30, 1962. Board members may be removed for cause or ineligibility by the President. Vacancies on the Board may be filled for the unexpired terms by appointment by the President, taking into consideration the nominees from which the original appointment was made, or, in the discretion of the President, in the manner herein prescribed for the appointment of members for a regular term. Vacancies on the Board shall not impair the power of the remaining members to exercise all the powers of the Board, except that in no event shall the Board be empowered to act unless eight or more places on the Board are filled. Each member of the Board, other than the Secretary or the Secretary's representative, shall receive a per diem of \$50 for each day's attendance at meetings of the Board and while traveling to and from said meetings, together with actual, necessary travel subsistence, and other expenses incurred in the discharge of his official duties without regard to other laws with respect to allowances which may be made on account of travel and subsistence expenses of officers and employed personnel of the United States. The Secretary, or an official of the Department designated by him, shall be an ex officio member of the Board. He shall meet and confer with the Board but shall not be entitled to vote.

(D) The Board shall meet as soon as practicable following their initial appointment, and thereafter, annually on the second Monday in December and at other times upon the call of the Chairman. In addition, special meetings of the Board may be called at any time by a majority of the members of the Board in office, or by the Secretary. The Board shall meet at least once in each calendar quarter of each year.

(E) The Chairman of the Board shall be selected by the Board. He shall hold office for a term of one calendar year and until his successor shall have been selected and shall have taken office. Vacancies in the office of the Chairman of the Board shall be filled for the unexpired term by the Board.



(F) *A majority of the members of the Board in office shall constitute a quorum, and action may be taken by a majority vote of those present at any regular or special meeting at which a quorum is present. The findings and determinations of the Board made under the authority of this section shall be final and conclusive. The Board may adopt, alter, and use an official seal which shall be judicially noticed. It may adopt rules and regulations governing the manner in which its business may be conducted and its powers may be exercised.*

(G) *The Federal Dairy Board is directed, in addition to its other duties, to cause to be made a comprehensive study of the production and marketing of manufacturing milk, including producers' costs of production, prices received by farmers, areas of production, the relationship between changes in the farm price of butterfat and milk for manufacturing and changes in the volume of market supply of each commodity, the relationship between changes in national income and changes in the volume of consumption of manufactured dairy products, marketing and processing spreads, relationship between prices received by farmers for milk used for fluid consumption and that used for manufacturing, returns to milk producers on capital investment and labor relative to other farmers and other segments of the national economy, and trends in these factors; and shall submit to Congress not later than January 3, 1961, a detailed report thereon with recommendations for legislation related to the protection of producers' returns on and market supply management of butterfat and milk for manufacturing, including programs to be operated and financed by dairymen, covering the probable costs and effects of the proposals recommended and the legislation required to put the proposal into effect. The Federal Dairy Board may conduct such hearings and receive such statements and briefs in connection with such study as it deems appropriate.*

(H) *The Secretary is directed to make available to the Federal Dairy Board the services of such of the facilities and personnel of the Department of Agriculture as it may require for the appropriate conduct of its duties.*

SEC. 202. As a means of increasing the utilization of dairy products, (including for purposes of this section, milk) upon the certification by the Administrator of Veterans' Affairs or by the Secretary of the Army, acting for the military departments under the Department of Defense's Single Service Purchase Assignment for Subsistence, or their duly authorized representatives that the usual quantities of dairy products have been purchased in the normal channels of trade—

(a) *The Commodity Credit Corporation until December 31, [1958] 1961, shall make available to the Administrator of Veterans' Affairs at warehouses where dairy products are stored, such dairy products acquired under price-support programs as the Administrator certifies that he requires in order to provide butter and cheese and other dairy products as a part of the ration in hospitals under his jurisdiction. The Administrator shall report monthly to the Committees on Agriculture of the Senate and House of Representatives and the Secretary of Agriculture the amount of dairy products used under this subsection.*

(b) The Commodity Credit Corporation until December 31, [1958] 1961, shall make available to the Secretary of the Army, at warehouses where dairy products are stored, such dairy products acquired under price-support programs as the Secretary of the Army or his duly authorized representative certifies can be utilized in order to provide additional butter and cheese and other dairy products as a part of the ration [of the Army, Navy, or Air Force, and as a part of the ration] (1) of the Army, Navy, Air Force, or Coast Guard, (2) in hospitals under the jurisdiction of the Department of Defense, and (3) of cadets and midshipmen at, and other personnel assigned to, the United States Merchant Marine Academy. The Secretary of the Army shall report every six months to the Committees on Agriculture of the Senate and the House of Representatives and the Secretary of Agriculture the amount of dairy products used under this subsection.

## TITLE IV—MISCELLANEOUS

### SUPPORT THROUGH CCC

SEC. 401. (a) The Secretary shall provide the price support authorized or required herein through the Commodity Credit Corporation and other means available to him.

\* \* \* \* \*

### ADJUSTMENTS FOR GRADE, ETC

SEC. 403. Appropriate adjustments may be made in the support price for any commodity for differences in grade, type, staple, quality, location, and other factors. Such adjustments shall, so far as practicable, be made in such manner that the average support price for such commodity will, on the basis of the anticipated incidence of such factors, be equal to the level of support determined as provided in this Act. Middling seven-eighths-inch cotton shall be the standard grade for purposes of parity and price support. *In adjusting the support price for cotton on the basis of grade, the Secretary shall establish separate price support rates substantially reflecting the usual trade differentials for spotted cotton and for light spotted cotton.*

\* \* \* \* \*

### NONRECOURSE LOANS

SEC. 405. No producer shall be personally liable for any deficiency arising from the sale of the collateral securing any loan made under authority of this Act unless such loan was obtained through fraudulent representations by the producer. This provision shall not, however, be construed to prevent the Commodity Credit Corporation or the Secretary from requiring producers to assume liability for deficiencies in the grade, quality, or quantity of commodities stored on the farm or delivered by them, for failure properly to care for and preserve commodities, or for failure or refusal to deliver commodities in accordance with the requirements of the program. *There is authorized to be included in the terms and conditions of any such nonrecourse loan a provision whereby on and after the maturity of the loan or*



*any extension thereof Commodity Credit Corporation shall have the right to acquire title to the unredeemed collateral without obligation to pay for any market value which such collateral may have in excess of the loan indebtedness.*

#### ADVANCE ANNOUNCEMENT

SEC. 406. The Secretary shall, insofar as practicable, announce the level of price support for field crops in advance of the planting season and for other agricultural commodities in advance of the beginning of the marketing year or season (January 1 in the case of commodities not marketed on a marketing year or season basis), but the level of price support so announced shall not exceed the estimated maximum level of price support specified in this Act, based upon the latest information and statistics available to the Secretary when such level of price support is announced; and the level of price support so announced shall not be reduced if the maximum level of price support when determined, is less than the level so announced. *In announcing the price support level for milk and butterfat, the Secretary shall announce a corresponding support price for manufacturing milk containing 3.5 per centum milk fat.*

## AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

### AN ACT

To provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this act may be cited as the "Agricultural Adjustment Act of 1938".*

#### DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress to continue the Soil Conservation and Domestic Allotment Act, as amended, for the purpose of conserving national resources, preventing the wasteful use of soil fertility, and of preserving, maintaining, and rebuilding the farm and rance land resources in the national public interest; to accomplish these purposes through the encouragement of soil-building and soil-conserving crops and practices; to assist in the marketing of agricultural commodities for domestic consumption and for export; and to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide an orderly, adequate, and balanced flow of such commodities in interstate and foreign commerce through storage of reserve supplies, loans, marketing quotas, assisting farmers to obtain, insofar as practicable, parity prices for such commodities and parity of income, and assisting consumers to obtain an adequate and steady supply of such commodities at fair prices.

# TITLE I—AMENDMENTS TO SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

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## TITLE III—LOANS, PARITY PAYMENTS, CONSUMER SAFEGUARDS, MARKETING QUOTAS, AND MARKETING CERTIFICATES

### SUBTITLE A—DEFINITIONS, PARITY PAYMENTS, AND CONSUMER SAFEGUARDS

#### DEFINITIONS

SEC. 301. (a) GENERAL DEFINITIONS.—For the purposes of this title and the declaration of policy—

(1) (A) The “parity price” for any agricultural commodity, as of any date, shall be determined by multiplying the adjusted base price of such commodity as of such date by the parity index as of such date.

(B) The “adjusted base price” of any agricultural commodity, as of any date, shall be (i) the average of the prices received by farmers for such commodity, at such times as the Secretary may select during each year of the ten-year period ending on the 31st of December last before such date, or during each marketing season beginning in such period if the Secretary determines use of a calendar year basis to be impracticable, divided by (ii) the ratio of the general level of prices received by farmers for agricultural commodities during such period to the general level of prices received by farmers for agricultural commodities during the period January 1910 to December 1914, inclusive. As used in this subparagraph, the term “prices” shall include wartime subsidy payments made to producers under programs designed to maintain maximum prices established under the Emergency Price Control Act of 1942.

(C) The “parity index,” as of any date, shall be the ratio of (i) the general level of prices for articles and services that farmers buy, wages paid hired farm labor, interest on farm indebtedness secured by farm real estate, and taxes on farm real estate, for the calendar month ending last before such date to (ii) the general level of such prices, wages, rates, and taxes during the period January 1910 to December 1914, inclusive.

(D) The prices and indices provided for herein, and the data used in computing them, shall be determined by the Secretary, whose determination shall be final.

(E) Notwithstanding the provisions of subparagraph (A), the transitional parity price for any agricultural commodity, computed as provided in this subparagraph, shall be used as the parity price for such commodity until such date after January 1, 1950, as such transitional parity price may be lower than the parity price, computed as provided in subparagraph (A), for such commodity. The transitional parity price for any agricultural commodity as of any date shall be—

(i) its parity price determined in the manner used prior to the effective date of the Agricultural Act of 1948, less



(ii) 5 per centum of the parity price so determined multiplied by the number of full calendar years (not counting 1956 in the case of basic agricultural commodities) which, as of such date, have elapsed after January 1, 1949, in the case of nonbasic agricultural commodities, and after January 1, 1955, in the case of the basic agricultural commodities. The Secretary shall make a thorough study of possible methods of improving the parity formula and report thereon, with specific recommendations, including drafts of necessary legislation to carry out such recommendations, to Congress not later than January 31, 1957.

(F) Notwithstanding the provisions of subparagraphs (A) and (E), if the parity price for any agricultural commodity, computed as provided in subparagraphs (A) and (E) appears to be seriously out of line with the parity prices of other agricultural commodities, the Secretary may, and upon the request of a substantial number of interested producers shall, hold public hearings to determine the proper relationship between the parity price of such commodity and the parity prices of other agricultural commodities. Within sixty days after commencing such hearing the Secretary shall complete such hearing, proclaim his findings as to whether the facts require a revision of the method of computing the parity price of such commodity, and put into effect any revision so found to be required.

(G) Notwithstanding the foregoing provisions of this section, the parity price for any basic agricultural commodity, as of any date during the six-year period beginning January 1, 1950, shall not be less than its parity price computed in the manner used prior to the enactment of the Agricultural Act of 1949.

(2) "Parity," as applied to income, shall be that gross income from agriculture which will provide the farm operator and his family with a standard of living equivalent to those afforded persons dependent upon other gainful occupation. "Parity" as applied to income from any agricultural commodity for any year, shall be that gross income which bears the same relationship to parity income from agriculture for such year as the average gross income from such commodity for the preceding ten calendar years bears to the average gross income from agriculture for such ten calendar years.

(3) The term "interstate and foreign commerce" means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof; or between points within the same State or Territory or within the District of Columbia or Puerto Rico, through any place outside thereof; or within any Territory or within the District of Columbia or Puerto Rico.

(4) The term "affect interstate and foreign commerce" means, among other things, in such commerce, or to burden or obstruct such commerce or the free and orderly flow thereof; or to create or tend to create a surplus of any agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.

(5) The term "United States" means the several States and Territories and the District of Columbia and Puerto Rico.

(6) The term "State" includes a Territory and the District of Columbia and Puerto Rico.

(7) The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the Department of Agriculture.

(8) The term "person" means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or any agency of a State.

[(9) The term "corn" means field corn.]

(9) *The term "corn" means field corn raised for grain, forage, or silage.*

(10) *The term "sorghums" means all sorghums raised for grain, forage, or silage.*

(11) *The term "feed grains" means the commodities corn and sorghum.*

(b) DEFINITIONS APPLICABLE TO ONE OR MORE COMMODITIES.—For the purposes of this title—

(1) (A) ["Actual production" as applied to any acreage of corn means the number of bushels of corn which the local committee determines would be harvested as grain from such acreage if all the corn on such acreage were so harvested. In case of a disagreement between the farmer and the local committee as to the actual production of the acreage of corn on the farm, or in case the local committee determines that such actual production is substantially below normal, the local committee, in accordance with regulations of the Secretary, shall weigh representative samples of ear corn taken from the acreage involved, make proper deductions for moisture content, and determine the actual production of such acreage on the basis of such samples.]

*"Actual production" as applied to any acreage of feed grains means the actual average yield for the farm times such number of acres. For the purposes of determining actual production the "actual yield" of any acreage of feed grains shall be the actual average yield of the acreage of feed grains on the farm.*

(B) "Actual production" of any number of acres of cotton, rice or peanuts on a farm means the actual average yield for the farm times such number of acres.

(2) "Bushel" means in the case of ear corn that amount of ear corn, including not to exceed 15½ per centum of moisture content, which weighs seventy pounds, and in the case of shelled corn, means that amount of shelled corn including not to exceed 15½ per centum of moisture content, which weighs fifty-six pounds.

(3) (A) "Carry-over," in the case of corn, rice, and peanuts for any marketing year shall be the quantity of the commodity on hand in the United States at the beginning of such marketing year, not including any quantity which was produced in the United States during the calendar year then current.

(B) "Carry-over" of cotton for any marketing year shall be the quantity of cotton on hand in the United States at the beginning of such marketing year, not including any part of the crop which was produced in the United States during the calendar year then current.

(C) "Carry-over" of tobacco for any marketing year shall be the quantity of such tobacco on hand in the United States at the beginning of such marketing year (or on January 1 of such marketing year in the case of Maryland tobacco), which was produced in the United States prior to the beginning of the calendar year in which such marketing year begins, except that in the case of cigar-filler and cigar-binder tobacco the quantity of type 46 on hand and theretofore produced in the United States during such calendar year shall also be included.



(D) "Carry-over" of wheat, for any marketing year shall be the quantity of wheat on hand in the United States at the beginning of such marketing year, not including any wheat which was produced in the United States during the calendar year then current, and not including any wheat held by the Federal Crop Insurance Corporation under Title V [of the Agricultural Adjustment Act of 1938].

(4) (A) "Commercial corn-producing area" shall include all counties in which the average production of corn (excluding corn used as silage) during the ten calendar years immediately preceding the calendar year for which such area is determined, after adjustment for abnormal weather conditions, is four hundred and fifty bushels or more per farm and four bushels or more for each acre of farm land in the county.

(B) Whenever prior to February 1 of any calendar year the Secretary has reason to believe that any county which is not included in the commercial corn-producing area determined pursuant to the provisions of subparagraph (A), but which borders upon one of the counties in such area, or that any minor civil division in a county bordering on such area, is producing (excluding corn used for silage) an average of at least four hundred and fifty bushels of corn per farm and an average of at least four bushels for each acre of farm land in the county or in the minor civil division, as the case may be, he shall cause immediate investigation to be made to determine such fact. If, upon the basis of such investigation, the Secretary finds that such county or minor civil division is likely to produce corn in such average amounts during such calendar year, he shall proclaim such determination, and, commencing with such calendar year, such county shall be included in the commercial corn-producing area. In the case of a county included in the commercial corn-producing area pursuant to this subparagraph, whenever prior to February 1 of any calendar year the Secretary has reason to believe that facts justifying the inclusion of such county are not likely to exist in such calendar year, he shall cause an immediate investigation to be made with respect thereto. If, upon the basis of such investigation, the Secretary finds that such facts are not likely to exist in such calendar year, he shall proclaim such determination, and commencing with such calendar year, such county shall be excluded from the commercial corn-producing area.

(5) "Farm consumption" of corn means consumption by the farmer's family, employees, or household, or by his work stock; or consumption by poultry or livestock on his farm if such poultry or livestock, or the products thereof, are consumed or to be consumed by the farmer's family, employees, or household.

(6) (A) "Market," in the case of **[corn]** *feed grains*, cotton, rice, tobacco, and wheat, means to dispose of, in raw or processed form, by voluntary or involuntary sale, barter, or exchange, or by gift *inter vivos*, and, in the case of **[corn]** *feed grains* and wheat, by feeding (in any form) to poultry or livestock which, or the products of which, are sold, bartered, or exchanged, or to be so disposed of, but does not include disposing of any of such commodities as premium to the Federal Crop Insurance Corporation under Title V [of the Agricultural Adjustment Act of 1938].

(B) "Marketed," "marketing," and "for market" shall have corresponding meanings to the term "market" in the connection in which they are used.

(C) "Market," in the case of peanuts, means to dispose of peanuts, including farmers' stock peanuts, shelled peanuts, cleaned peanuts, or peanuts in processed form, by voluntary or involuntary sale, barter, or exchange, or by gift inter vivos.

(7) "Marketing year" means, in the case of the following commodities, the period beginning on the first and ending with the second date specified below:

Corn, October 1–September 30;

Cotton, August 1–July 31;

Rice, August 1–July 31;

Tobacco (flue-cured), July 1, June 30;

Tobacco (other than flue-cured), October 1–September 30;

Wheat, July 1–June 30.

*Feed grains, July 1–June 30.*

(8) "National average yield" as applied to cotton or wheat shall be the national average yield per acre of the commodity during the ten calendar years in the case of wheat, and during the five calendar years in the case of cotton, preceding the year in which such national average yield is used in any computation authorized in this title, adjusted for abnormal weather conditions and, in the case of wheat, but not in the case of cotton, for trends in yields.

(9) "Normal production" as applied to any number of acres of [corn] *feed grains*, cotton, rice, or wheat means the normal yield for the farm times such number of acres.

(10) (A) "Normal supply" in the case of corn, rice, wheat, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carry-over. The allowance for carry-over shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 15 per centum in the case of corn; 10 per centum in the case of rice; 20 per centum in the case of wheat; and 15 per centum in the case of peanuts. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary.

(B) "Normal supply" in the case of tobacco shall be a normal year's domestic consumption and exports, plus 175 per centum of a normal year's domestic consumption and 65 per centum of a normal year's exports as an allowance for a normal carry-over.

(C) The "normal supply" of cotton for any marketing year shall be the estimated domestic consumption of cotton for the marketing year for which such normal supply is being determined, plus the estimated exports of cotton for such marketing year, plus 30 per centum of the sum of such consumption and exports as an allowance for carry-over.

(11) (A) "Normal year's domestic consumption," in the case of corn and wheat, shall be the yearly average quantity of the commodity, wherever produced, that was consumed in the United States during the ten marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.



(B) "Normal year's domestic consumption," in the case of cotton and tobacco, shall be the yearly average quantity of the commodity produced in the United States that was consumed in the United States during the ten marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(C) "Normal year's domestic consumption," in the case of rice, shall be the yearly average quantity of rice produced in the United States that was consumed in the United States during the five marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(12) "Normal year's exports" in the case of corn, cotton, rice, tobacco, and wheat shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the ten marketing years (or, in the case of rice, the five marketing years) immediately preceding the marketing year in which such exports are determined, adjusted for current trends in such exports.

(13) (A) "Normal yield" for any county, in the case of corn or wheat, shall be the average yield per acre of corn or wheat for the county during the ten calendar years in the case of wheat, or the five calendar years in the case of corn, immediately preceding the year in which such normal yield is determined, adjusted for abnormal weather conditions and, in the case of wheat, for trends in yields. Such normal yield per acre for any county need be redetermined only when the actual average yield for the ten calendar years in the case of wheat, or the five calendar years in the case of corn, immediately preceding the calendar year in which such yield is being reconsidered differs by at least 5 per centum from the actual average yield for the ten years in the case of wheat, or the 5 years in the case of corn, upon which the existing normal yield per acre for the county was based.

(B) "Normal yield" for any county, in the case of cotton or peanuts, shall be the average yield per acre of cotton or peanuts for the county, adjusted for abnormal weather conditions, during the five calendar years immediately preceding the year in which such normal yield is determined.

(C) In applying subparagraph (A) or (B), if for any such year the data are not available, or there is no actual yield, an appraised yield for such year, determined in accordance with regulations issued by the Secretary, shall be used as the actual yield for such year. In applying such subparagraphs, if, on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the yield in any year of such ten-year period or five-year period, as the case may be, is less than 75 per centum of the average (computed without regard to such year) such year shall be eliminated in calculating the normal yield per acre.

(D) "Normal yield" for any county, in the case of rice, shall be the average yield per acre of rice for the county during the five calendar years immediately preceding the year for which such normal yield is determined, adjusted for abnormal weather conditions and for trends in yields. If for any such year data are not available, or there is no actual yield, an appraised yield for such year, determined in accord-

ance with regulations issued by the Secretary, taking into consideration the yields obtained in surrounding counties during such year and the yield in years for which data are available, shall be used as the actual yield for such year.

(E) "Normal yield" for any farm, in the case of rice, shall be the average yield per acre of rice for the farm during the five calendar years immediately preceding the year for which such normal yield is determined, adjusted for abnormal weather conditions and for trends in yields. If for any such year the data are not available or there is no actual yield, then the normal yield for the farm shall be appraised in accordance with regulations issued by the Secretary, taking into consideration abnormal weather conditions, trends in yields, the normal yield for the county, the yields obtained on adjacent farms during such year and the yield in years for which data are available.

(F) In applying subparagraphs (D) and (E), if on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the yield for any year of such five-year period is less than 75 per centum of the average, 75 per centum of such average shall be substituted therefor in calculating the normal yield per acre. If, on account of abnormally favorable weather conditions, the yield for any year of such five-year period is in excess of 125 per centum of the average, 125 per centum of such average shall be substituted therefor in calculating the normal yield per acre.

(G) "Normal yield" for any farm, in the case of corn, wheat, cotton, or peanuts, shall be the average yield per acre of corn, wheat, cotton, or peanuts, as the case may be, for the farm, adjusted for abnormal weather conditions and, in the case of wheat, but not in the case of corn, cotton, or peanuts, for trends in yields, during the ten calendar years in the case of wheat, and five calendar years in the case of corn, cotton, or peanuts, immediately preceding the year in which such normal yield is determined. If for any such year the data are not available or there is no actual yield, then the normal yield for the farm shall be appraised in accordance with regulations of the Secretary, taking into consideration abnormal weather conditions, the normal yield for the county, and the yield in years for which data are available.

(H) *"Normal yield" for any farm in the case of feed grains shall be the average yield per acre of feed grains for the farm during the calendar years 1955, 1956, and 1957, adjusted for abnormal weather conditions in the local areas involved. If for any such year the data are not available or there is no actual yield then the normal yield for the farm shall be appraised in accordance with regulations issued by the Secretary, taking into consideration abnormal weather conditions as aforesaid, the yield obtain on adjacent farms during such year and the yield in years for which the data are available. Where both corn and sorghums have been produced on the same farm during such three-year period a separate normal yield shall be established for corn and for sorghums on the basis of the applicable factors in the preceding sentences of this subparagraph and the normal yield for the farm shall be determined by computing the average of the corn and sorghums yields so determined weighted by the actual acreages of corn and sorghums on the farm for the year for which the normal*



*yield is determined. Where there is no acreage of feed grains on the farm for the year for which the yield is determined, the normal yield for such a farm shall be the average of the normal yields for corn and sorghums weighted by the acreages which it is determined by the county committee were contributed to the farm acreage allotment of feed grains for such year by the production in prior years of corn and sorghums.*

(14) (A) "Reserve supply level," in the case of corn, shall be a normal year's domestic consumption and exports of corn plus 10 per centum of a normal year's domestic consumption and exports, to insure a supply adequate to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

(B) "Reserve supply level" of tobacco shall be the normal supply plus 5 per centum thereof, to insure a supply adequate to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

(15) "Tobacco" means each one of the kinds of tobacco listed below comprising the types specified as classified in Service and Regulatory Announcement Numbered 118 of the Bureau of Agricultural Economics of the Department:

- Flue-cured tobacco, comprising types 11, 12, 13, and 14;
- Fire-cured tobacco, comprising types 21, 22, 23, and 24;
- Dark air-cured tobacco, comprising types 35 and 36;
- Virginia sun-cured tobacco, comprising type 37;
- Burley tobacco, comprising type 31;
- Maryland tobacco, comprising type 32;
- Cigar-filler and cigar-binder tobacco, comprising types 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55;
- Cigar-filler tobacco, comprising type 41.

The provisions of this title shall apply to each of such kinds of tobacco severally: *Provided*, That any one or more of the types comprising any such kind of tobacco shall be treated as a "kind of tobacco" for the purposes of this Act if the Secretary finds there is a difference in supply and demand conditions as among such types of tobacco which results in a difference in the adjustments needed in the marketings thereof in order to maintain supplies in line with demand: *Provided further*, That with respect to the 1958 and subsequent crops, type 21 (Virginia) fire-cured tobacco shall be treated as a "kind of tobacco" for the purposes of all of the provisions of this title, except that for the purposes of section 312 (c) of this title, types 21, 22, and 23, fire-cured tobacco shall be treated as one "kind of tobacco."

(16) (A) "Total supply" of wheat, corn, rice, and peanuts for any marketing year shall be the carry-over of the commodity for such marketing year, plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins and the estimated imports of the commodity into the United States during such marketing year.

(B) "Total supply" of tobacco for any marketing year shall be the carry-over at the beginning of such marketing year (or on January 1 of such marketing year in the case of Maryland tobacco) plus the estimated production thereof in the United States during the calendar

year in which such marketing year begins, except that the estimated production of type-46 tobacco during the marketing year with respect to which the determination is being made shall be used in lieu of the estimated production of such type during the calendar year in which such marketing year begins in determining the total supply of cigar-filler and cigar-binder tobacco.

(C) "Total supply" of cotton for any marketing year shall be the carry-over at the beginning of such marketing year, plus the estimated production of cotton in the United States during the calendar year in which such marketing year begins and the estimated imports of cotton into the United States during such marketing year.

(c) The latest available statistics of the Federal Government shall be used by the Secretary in making the determinations required to be made by the Secretary under this Act.

(d) In making any determination under this Act or under the Agricultural Act of 1949 with respect to the carryover of any agricultural commodity, the Secretary shall exclude from such determination the stocks of any commodity acquired pursuant to, or under the authority of, the Strategic and Critical Materials Stock Piling Act (60 Stat. 596).

#### PARITY PAYMENTS

SEC. 303. If and when appropriations are made therefor, the Secretary is authorized and directed to make payments to producers of corn, wheat, cotton, rice, or tobacco, on their normal production of such commodities in amounts which, together with the proceeds thereof, will provide a return to such producers which is as nearly equal to parity price as the funds so made available will permit. All funds available for such payments with respect to these commodities shall, unless otherwise provided by law, be apportioned to these commodities in proportion to the amount by which each fails to reach the parity income. Such payments shall be in addition to and not in substitution for any other payments authorized by law.

#### CONSUMER SAFEGUARDS

SEC. 304. The powers conferred under this Act shall not be used to discourage the production of supplies of foods and fibers sufficient to maintain normal domestic human consumption as determined by the Secretary from the records of domestic human consumption in the years 1920 to 1929, inclusive, taking into consideration increased population, quantities of any commodity that were forced into domestic consumption by decline in exports during such period, current trends in domestic consumption and exports of particular commodities, and the quantities of substitutes available for domestic consumption within any general class of food commodities. In carrying out the purposes of this Act it shall be the duty of the Secretary to give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair to both producers and consumers.



## SUBTITLE B—MARKETING QUOTAS

## PART I—MARKETING QUOTAS—TOBACCO

## LEGISLATIVE FINDING

SEC. 311. (a) The marketing of tobacco constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate and foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Tobacco produced for market is sold on a Nation-wide market and, with its products, moves almost wholly in interstate and foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes, are widely scattered throughout the Nation, in many cases such farmers carry on their farming operations on borrowed money or leased lands, and are not so situated as to be able to organize effectively, as can labor and industry through unions and corporations enjoying Government protection and sanction. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate and foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the price for such commodity with consequent injury and destruction of interstate and foreign commerce in such commodity, and (4) causing a disparity between the prices for such commodity in interstate and foreign commerce and industrial products therein, with a consequent diminution of the volume of interstate and foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of tobacco exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate and foreign commerce in such commodity and its products, and the operation of the provisions of this Part becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in interstate and foreign commerce.

## NATIONAL MARKETING QUOTA

SEC. 312. (a) The Secretary shall, not later than December 1 of any marketing year with respect to flue-cured tobacco, and February 1 of any marketing year with respect to other kinds of tobacco, proclaim a national marketing quota for any kind of tobacco for each of the next three succeeding marketing years whenever he determines with respect to such kind of tobacco—

(1) that a national marketing quota has not previously been proclaimed and the total supply as of the beginning of such marketing year exceeds the reserve supply level therefor;

(2) that such marketing year is the last year of three consecutive years for which marketing quotas previously proclaimed will be in effect;

(3) that amendments have been made in provisions for establishing farm acreage allotments which will cause material revision of such allotments before the end of the period for which quotas are in effect; or

(4) that a marketing quota previously proclaimed for such marketing year is not in effect because of disapproval by producers in a referendum held pursuant to subsection (c) : *Provided*, That if such producers have disapproved national marketing quotas in referenda held in three successive years subsequent to 1952, thereafter a national marketing quota shall not be proclaimed hereunder which would be in effect for any marketing year within the three-year period for which national marketing quotas previously proclaimed were disapproved by producers in a referendum, unless prior to November 10 of the marketing year one-fourth or more of the farmers engaged in the production of the crop of tobacco harvested in the calendar year in which such marketing year begins petition the Secretary, in accordance with such regulations as he may prescribe, to proclaim a national marketing quota for each of the next three succeeding marketing years.

(b) The Secretary shall also determine and announce, not later than the first day of December with respect to flue-cured tobacco and not later than the first day of February with respect to other kinds of tobacco, the amount of the national marketing quota proclaimed pursuant to subsection (a) which is in effect for the next marketing year in terms of the total quantity of tobacco which may be marketed which will make available during such marketing year a supply of tobacco equal to the reserve supply level. The amount of the national marketing quota so announced may, not later than the following March 1, be increased by not more than 20 per centum if the Secretary determines that such increase is necessary in order to meet market demands or to avoid undue restrictions of marketings in adjusting the total supply to the reserve supply level.

(c) Within thirty days after the proclamation of national marketing quotas under subsection (a), the Secretary shall conduct a referendum of farmers engaged in the production of the crop of tobacco harvested immediately prior to the holding of the referendum to determine whether such farmers are in favor of or opposed to such quotas for the next three succeeding marketing years. If more than one-third of the farmers voting oppose the national marketing quotas, such results shall be proclaimed by the Secretary and the national marketing quotas so proclaimed shall not be in effect but such results shall in no wise affect or limit the subsequent proclamation and submission to a referendum, as otherwise provided in this section, of a national marketing quota.

#### APPORTIONMENT OF NATIONAL MARKETING QUOTA

SEC. 313. (a) The national marketing quota for tobacco established pursuant to the provisions of section 312, less the amount to be allotted under subsection (c) of this section, shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the five calendar years immediately preceding the calendar year in which the quota is proclaimed (plus,



in applicable years, the normal production on the acreage diverted under previous agricultural adjustment and conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production, for small farms, and for trends in production, giving due consideration to seed bed and other plant diseases during such five-year period. Notwithstanding any other provision of this section and section 312 \* \* \* the burley tobacco acreage allotment which would otherwise be established for any farm having a burley acreage allotment in 1942 shall not be less than one-half acre, and the acreage required for apportionment under this proviso shall be in addition to the National and State acreage allotments.

(b) The Secretary shall provide, through the local committees, for the allotment of the marketing quota for any State among the farms on which tobacco is produced, on the basis of the following: Past marketing of tobacco, making due allowance for drought, flood, hail, other abnormal weather conditions, plant bed, and other diseases; land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That, except for farms on which for the first time in five years tobacco is produced to be marketed in the marketing year for which the quota is effective, the marketing quota for any farm shall not be less than the smaller of either (1) three thousand two hundred pounds, in the case of flue-cured tobacco, and two thousand four hundred pounds, in the case of other kinds of tobacco, or (2) the average tobacco production for the farm during the preceding three years, plus the average normal production of any tobacco acreage diverted under agricultural adjustment and conservation programs during such preceding three years.

(c) The Secretary shall provide, through local committees, for the allotment of not in excess of 5 per centum of the national marketing quota (1) to farms in any State whether it has a State quota or not on which for the first time in five years tobacco is produced to be marketed in the year for which the quota is effective and (2) for further increase of allotments to small farms pursuant to the proviso in subsection (b) of this section on the basis of the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That farm marketing quotas established pursuant to this subsection for farms on which tobacco is produced for the first time in five years shall not exceed 75 per centum of the farm marketing quotas established pursuant to subsection (b) of this section for farms which are similar with respect to the following: Land, labor, and equipment available for the production of tobacco, crop-rotation practices, and the soil and other physical factors affecting the production of tobacco.

(d) Farm marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

(e) In case of flue-cured tobacco, the national quota for 1938 is increased by a number of pounds required to provide for each State in addition to the State poundage allotment a poundage not in excess of 4 per centum of the allotment which shall be apportioned in amounts

which the Secretary determines to be fair and reasonable to farms in the State receiving allotments under the Agricultural Adjustment Act of 1938 which the Secretary determines are inadequate in view of past production of tobacco, and for each year by a number of pounds sufficient to assure that any State receiving a State poundage allotment of flue-cured tobacco shall receive a minimum State poundage allotment of flue-cured tobacco equal to the average national yield for the preceding five years of five hundred acres of such tobacco.

(f) (Applicable only to 1938 crop.)

(g) Notwithstanding any other provision of this section, the Secretary on the basis of average yield per acre of tobacco for the State during the five years last preceding the year in which the national marketing quota is proclaimed, adjusted for abnormal conditions of production, may convert the State marketing quota into a State acreage allotment, and allot the same through the local committees among farms on the basis of the factors set forth in subsection (b), using past acreage (harvested and diverted) in lieu of the past marketing of tobacco; and the Secretary on the basis of the national average yield during the same period, similarly adjusted, may also convert into an acreage allotment the amount reserved from the national quota pursuant to the provisions of subsection (c), and on the basis of the factors set forth in subsection (c) and the past tobacco experience of the farm operator, allot the same through the local committees among farms on which no tobacco was produced during the last five years. Any acreage of tobacco harvested in excess of the farm acreage allotment for the year 1955, or any subsequent crop shall not be taken into account in establishing State and farm acreage allotments. Except for farms last mentioned or a farm operated, controlled, or directed by a person who also operates, controls, or directs another farm on which tobacco is produced, the farm-acreage allotment shall be increased by the smaller of (1) 20 per centum of such allotment or (2) the percentage by which the normal yield of such allotment (as determined through the local committees in accordance with regulations prescribed by the Secretary) is less than three thousand two hundred pounds, in the case of flue-cured tobacco, and two thousand four hundred pounds in the case of other kinds of tobacco: *Provided*, That the normal yield of the estimated number of acres so added to farm acreage allotments in any State shall be considered as a part of the State marketing quota in applying the proviso in subsection (a). The actual production of the acreage allotment established for a farm pursuant to this subsection shall be the amount of the farm marketing quota. If any amount of tobacco shall be marketed as having been produced on the acreage allotment for any farm which in fact was produced on a different farm, the acreage allotments next established for both such farms shall be reduced by that percentage which such amount was of the respective farm marketing quota, except that such reduction for any such farm shall not be made if the Secretary through the local committees finds that no person connected with such farm caused, aided, or acquiesced in such marketing; and if proof of the disposition of any amount of tobacco is not furnished as required by the Secretary, or if any producer on the farm files, or aids or acquiesces in the filing of, any false report with respect to the acreage of tobacco grown on the farm required by regulations issued pursuant to this Act, the acreage allot-



ment next established for the farm on which such tobacco is produced shall be reduced by a percentage similarly computed.

(h) Notwithstanding any other provision of this part I, any person who owned a farm, which in 1940 or thereafter was acquired by the United States for national-defense purposes, and who owns or acquires one or more other farms, shall, upon application to the local committee, be entitled to have an allotment for any one of such other farms owned by him for each of the five years succeeding the acquisition by the United States equal to the allotment which would have been made to such farm plus the allotment which would have been made to the farm acquired by the United States except for such acquisition: *Provided*, That such allotment shall not exceed 50 per centum of the acreage of cropland in the farm in the case of flue-cured tobacco, and 20 per centum of the acreage of cropland in the farm, in the case of kinds of tobacco other than flue-cured. Any farm for which the allotment has been determined under this subsection shall, after the end of such five years, have its allotment determined on the basis of past acreage of tobacco, land, labor, and equipment available for the production of tobacco, crop-rotation practices, and soil and other physical factors affecting the production of tobacco: *Provided further*, That the provisions of this subsection shall not be applicable so long as there is any penalty due and unpaid, or a failure to account for the disposition of tobacco produced on the farm acquired by the United States, or if the allotment next established for such farm would have been reduced because of the false or improper identification of tobacco produced on or marketed from such farm. Nothing in this subsection shall be construed as preventing the Secretary from operating any allotment pool from which allotments are made to share tenants or sharecroppers who move from farms acquired by the United States for national-defense purposes to other farms purchased and operated by such persons.

(i) Notwithstanding any other provision of this Act, whenever after investigation the Secretary determines with respect to any kind of tobacco that a substantial difference exists in the usage or market outlets for any one or more of the types comprising such kind of tobacco and that the quantity of tobacco of such type or types to be produced under the marketing quotas and acreage allotments established pursuant to this section would not be sufficient to provide an adequate supply for estimated market demands and carry-over requirements for such type or types of tobacco, the Secretary shall increase the marketing quotas and acreage allotments for farms producing such type or types of tobacco in the preceding year to the extent necessary to make available a supply of such type or types of tobacco adequate to meet such demands and carry-over requirements. The increases in farm marketing quotas and acreage allotments shall be made on the basis of the production of such type or types of tobacco during the period of years considered in establishing farm marketing quotas and acreage allotments for such kind of tobacco. The additional production authorized by this subsection shall be in addition to the national marketing quota established for such kind of tobacco pursuant to section 312 of this Act. The increase in acreage under this subsection shall not be considered in establishing future State or farm acreage allotments.

(j) In establishing farm acreage allotments for burley tobacco crops for the years 1956, 1957, and 1958 the acreage allotment for any farm which has not been retired from agricultural production shall not be reduced below the acreage allotment which would otherwise be established because the harvested acreage was less than the allotted acreage unless the acreage harvested was less than 50 per centum of the allotted acreage in each of the preceding five years, in which event it shall not be reduced for such reason to less than the largest acreage harvested in any year in such five-year period.

(j) [sic] The production of tobacco on a farm in 1955 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsections (b) and (g) hereof: *Provided, however,* That by reason of such production the farm need not be considered as ineligible for a new farm allotment under subsections (c) and (g) hereof, but such production shall not be deemed past tobacco experience for any producer on the farm.

#### PENALTIES

SEC. 314. (a) The marketing of any kind of tobacco in excess of the marketing quota for the farm on which the tobacco is produced shall be subject to a penalty of 75 per centum of the average market price (calculated to the nearest whole cent) for such kind of tobacco for the immediately preceding marketing year. Such penalty shall be paid by the person who acquired such tobacco from the producer but an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer in case such tobacco is marketed by sale; or, if the tobacco is marketed by the producer through a warehouseman or other agent, such penalty shall be paid by such warehouseman or agent who may deduct an amount equivalent to the penalty from the price paid to the producer: *Provided,* That in case any tobacco is marketed directly to any person outside the United States the penalty shall be paid and remitted by the producer. If any producer falsely identifies or fails to account for the disposition of any tobacco, an amount of tobacco equal to the normal yield of the number of acres harvested in excess of the farm-acreage allotment shall be deemed to have been marketed in excess of the marketing quota for the farm, and the penalty in respect thereof shall be paid and remitted by the producer. Tobacco carried over by the producer thereof from one marketing year to another may be marketed without payment of the penalty imposed by this section if the total amount of tobacco available for marketing from the farm in the marketing year from which the tobacco is carried over did not exceed the farm marketing quota established for the farm for such marketing year (or which would have been established if marketing quotas had been in effect for such marketing year), or if the tobacco so carried over does not exceed the normal production of that number of acres by which the harvested acreage of tobacco in the calendar year in which the marketing year begins is less than the farm-acreage allotment. Tobacco produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though it is marketed prior to the date on which such marketing year begins.



(b) The Secretary shall require collection of the penalty upon a proportion of each lot of tobacco marketed from the farm equal to the proportion which the tobacco available for marketing from the farm in excess of the farm marketing quota is of the total amount of tobacco available for marketing from the farm if satisfactory proof is not furnished as to the disposition to be made of such excess tobacco prior to the marketing of any tobacco from the farm. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States until the end of the marketing year next succeeding that in which the funds are collected, and upon certification by the Secretary there shall be paid out of such special deposit account to persons designated by the Secretary the amount by which the penalty collected exceeds the amount of penalty due upon tobacco marketed in excess of the farm marketing quota for any farm. Such special account shall be administered by the Secretary, and the basis for, the amount of, and the person entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive.

#### **[PART II—ACREAGE ALLOTMENTS—CORN]**

#### ***PART II—ACREAGE ALLOTMENTS AND MARKETING QUOTAS—FEED GRAINS***

##### **LEGISLATIVE FINDING**

SEC. 321. Corn is a basic source of food for the Nation, and corn produced in the commercial corn-producing area moves almost wholly in interstate and foreign commerce in the form of corn, livestock, and livestock products.

Abnormally excessive and abnormally deficient supplies of corn acutely and directly affect, burden, and obstruct interstate and foreign commerce in corn, livestock, and livestock products. When abnormally excessive supplies exist, transportation facilities in interstate and foreign commerce are overtaxed, and the handling and processing facilities through which the flow of interstate and foreign commerce in corn, livestock, and livestock products is directed become acutely congested. Abnormally deficient supplies result in substantial decreases in livestock production and in an inadequate flow of livestock and livestock products in interstate and foreign commerce, with the consequence of unreasonably high prices to consumers.

Violent fluctuations from year to year in the available supply of corn disrupt the balance between the supply of livestock and livestock products moving in interstate and foreign commerce and the supply of corn available for feeding. When available supplies of corn are excessive, corn prices are low and farmers overexpand livestock production in order to find outlets for corn. Such expansion, together with the relative scarcity and high price of corn, forces farmers to market abnormally excessive supplies of livestock in interstate commerce at sacrifice prices, endangering the financial stability of producers, and overtaxing handling and processing facilities through which the flow of interstate and foreign commerce in livestock and livestock products is directed. Such excessive marketings deplete livestock on farms, and livestock marketed in interstate and foreign commerce consequently becomes abnormally low, with resultant high

prices to consumers and danger to the financial stability of persons engaged in transporting, handling, and processing livestock in interstate and foreign commerce. These high prices in turn result in another overexpansion of livestock production.

Recurring violent fluctuations in the price of corn resulting from corresponding violent fluctuations in the supply of corn directly affect the movement of livestock in interstate commerce from the range cattle regions to the regions where livestock is fattened for market in interstate and foreign commerce, and also directly affect the movement in interstate commerce of corn marketed as corn which is transported from the regions where produced to the regions where livestock is fattened for market in interstate and foreign commerce.

Substantially all the corn moving in interstate commerce, substantially all the corn fed to livestock transported in interstate commerce for fattening, and substantially all the corn fed to livestock marketed in interstate and foreign commerce, is produced in the commercial corn-producing area. Substantially all the corn produced in the commercial corn-producing area, with the exception of a comparatively small amount used for farm consumption, is either sold or transported in interstate commerce, or is fed to livestock transported in interstate commerce for feeding, or is fed to livestock marketed in interstate and foreign commerce. Almost all the corn produced outside the commercial corn-producing area is either consumed, or is fed to livestock which is consumed, in the State in which such corn is produced.

The conditions affecting the production and marketing of corn and the livestock products of corn are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of disparities between the supplies of livestock moving in interstate and foreign commerce and the supply of corn available for feeding, and provide for orderly marketing of corn in interstate and foreign commerce and livestock and livestock products in interstate and foreign commerce.

The national public interest requires that the burdens on interstate and foreign commerce above described be removed by the exercise of Federal power. By reason of the administrative and physical impracticability of regulating the movement of livestock and livestock products in interstate and foreign commerce and the inadequacy of any such regulation to remove such burdens, such power can be feasibly exercised only by providing for the withholding from market of excessive and burdensome supplies of corn in times of excessive production, and providing a reserve supply of corn available for market in times of deficient production, in order that a stable and continuous flow of livestock and livestock products in interstate and foreign commerce may at all times be assured and maintained.

**NATIONAL AND FARM FEED GRAIN BASES; ACREAGE ALLOTMENTS;  
CONSERVATION BASE**

*SEC. 322. (a) Prior to December 1, 1958, the Secretary shall establish for each farm producing feed grains in the United States a farm feed grain base for 1959, 1960, and 1961. The national feed grain base shall be one hundred and two million acres. Such national feed grain base shall be apportioned by the Secretary among the States on*



the basis of the acreage of feed grains (planted and diverted) in such States during the years 1955, 1956, and 1957, with adjustments for abnormal weather conditions in the local areas involved and for trends in acreage during such period and for the promotion of soil-conservation practices. The feed grain base for each State shall be apportioned by the Secretary among the counties on the basis of the acreage of feed grains (planted and diverted) in such counties during the years 1955, 1956, and 1957, with adjustments for abnormal weather conditions in the local areas involved and for trends in acreage during such period and for the promotion of soil-conservation practices. The feed grain base for the county shall be apportioned by the Secretary, through the local committees, among the farms within the county on the basis of past acreage of feed grains (planted and diverted), tillable acreage, crop rotation practices, type of soil, and topography, with adjustments for abnormal weather conditions in the local areas involved and for the promotion of soil-conservation practices.

(b) Prior to December 1, 1958, the Secretary shall establish for each farm producing feed grains in the United States a conservation base included in which shall be the average of all farm acreage utilized during the years 1955, 1956, and 1957 for farm buildings, private roads, woodlands, permanent pasture, marshland, and all acreage not in cultivation, but not including tame hay acreage or rotational pasture.

(c) For each of the three crop years commencing January 1, 1959, the Secretary shall determine the national feed grain acreage allotment which shall be the acreage required to keep feed grain production in balance with domestic consumption and exports. For 1959 the national feed grain acreage allotment shall be eighty-one million six hundred thousand acres; for 1960 and 1961 the national feed grain acreage allotment shall be not less than eighty-one million six hundred thousand acres nor more than ninety-one million eight hundred thousand acres. The national feed grain acreage allotment shall be announced by the Secretary not later than November 1 preceding the year for which the allotment is determined.

(d) The Secretary through the State and local committees shall apportion the national feed grain acreage allotment among farms on the basis of the average acreage planted to feed grains and diverted from the production of feed grains under agricultural adjustment and conservation programs during the years 1955, 1956, and 1957, and on the basis of tillable acreage, crop-rotation practices, type of soil, and topography, with adjustments for abnormal weather conditions in the local areas involved and for the promotion of soil conservation practices.

(e) The farm feed grain allotment for any farm for 1959, 1960, and 1961 shall be the allotment as determined in accordance with the foregoing provisions less the number of acres, if any, by which the producers on the farm agree, pursuant to the provisions of the Feed Grains Act of 1958, to reduce their acreage below their allotment as determined by the foregoing provisions: Provided, That for 1959, 1960, and 1961 the ratio of the farm feed grain allotment to the farm feed grain base shall be the same as the ratio of the national feed grain allotment to the national feed grain base.

(f) *The Secretary through the State and local committees shall apportion not to exceed one hundred thousand acres among farms on which feed grains have not been produced during any of the years 1955, 1956, and 1957 on the basis of tillable acres on the farm, type of soil, topography, taking into consideration the acreage devoted to feed grain production on adjacent farms during the years 1955, 1956, and 1957. The acreage so apportioned shall be part of the national acreage allotment of feed grains.*

#### AMOUNT OF FARM MARKETING QUOTAS

*SEC. 323. The farm marketing quota for any crop of feed grains shall be the actual production of feed grains on the farm less the normal production of the acreage planted to feed grains on the farm in excess of the farm acreage allotment. The normal production from such excess acreage shall be known as the "farm marketing excess": Provided, That the farm marketing excess shall not be larger than the amount by which the actual production of feed grains on the farm exceeds the normal production of the farm acreage allotment if the producer establishes such actual production to the satisfaction of the Secretary.*

#### PENALTIES

*SEC. 324. (a) Whenever farm marketing quotas are in effect with respect to any crop of feed grains, the producer shall be subject to a penalty on the farm marketing excess at the rate of \$1 per bushel.*

*(b) The farm marketing excess of feed grains shall be regarded as available for marketing and the amount of penalty shall be computed upon the normal production of the acreage on the farm planted to feed grains in excess of the farm acreage allotment. If a downward adjustment in the amount of the farm marketing excess is made pursuant to the proviso in section 323, the difference between the amount of the penalty computed upon the farm marketing excess before such adjustment and as computed upon the adjusted marketing excess shall be returned to or allowed the producer.*

*(c) The person liable for payment or collection of the penalty shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.*

*(d) Until the penalty on the farm marketing excess is paid, all feed grain produced on the farm and marketed by the producer shall be subject to the penalty provided by this section and a lien on the entire crop of feed grains produced on the farm shall be in effect in favor of the United States.*

*(e) A farm marketing quota on feed grains shall not be applicable to any farm on which the acreage planted to feed grains does not exceed the highest acreage planted to feed grains during the years 1955, 1956, and 1957, but not in excess of thirty acres unless the feed grain producers on the farm apply to reduce the acreage of feed grains on the farm pursuant to the provisions of the Feed Grains Act of 1958.*



*(f) Producers who knowingly and falsely certify as to their eligibility to vote in the referendum conducted pursuant to subtitle II of the Feed Grains Act of 1958 shall be guilty of a misdemeanor and upon conviction shall be fined not less than \$100 nor more than \$500.*

SEC. 326. (a) Whenever in any county or other area the Secretary finds that the actual production of corn plus the amount of corn stored under seal in such county or other area is less than the normal production of the marketing percentage of the farm acreage allotments in such county or other area, the Secretary shall terminate farm marketing quotas for corn in such county or other area.

(b) Whenever, upon any farm, the actual production of the acreage of corn is less than the normal production of the marketing percentage of the farm acreage allotment, there may be marketed, without penalty, from such farm an amount of corn from the corn stored under seal pursuant to section 324 which, together with the actual production of the then current crop, will equal the normal production of the marketing percentage of the farm acreage allotment.

(c) Whenever, in any marketing year, marketing quotas are not in effect with respect to the crop of corn produced in the calendar year in which such marketing year begins, all marketing quotas applicable to previous crops of corn shall be terminated.

#### PROCLAMATION OF COMMERCIAL CORN-PRODUCING AREA

SEC. 327. Not later than February 1 of each calendar year, the Secretary shall ascertain and proclaim the commercial corn-producing area.

#### ACREAGE ALLOTMENT

SEC. 328. The acreage allotment of corn for any calendar year shall be that acreage in the commercial corn-producing area which, on the basis of the average yield for corn in such area during the five calendar years immediately preceding such calendar year, adjusted for abnormal weather conditions, will produce an amount of corn in such area which the Secretary determines will, together with corn produced in the United States outside the commercial corn-producing area and corn imported, make available a supply for the marketing year beginning in such calendar year, equal to the normal supply. The Secretary shall proclaim such acreage allotment not later than February 1 of the calendar year for which such acreage allotment was determined.

#### APPORTIONMENT OF ACREAGE ALLOTMENT

SEC. 329. (a) The acreage allotment for corn shall be apportioned by the Secretary among the counties in the commercial corn-producing area on the basis of the acreage seeded for the production of corn during the five calendar years immediately preceding the calendar year in which the apportionment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and for trends in acreage during such period and for the promotion of soil-conservation practices: *Provided*, That any downward

adjustment for the promotion of soil-conservation practices shall not exceed 2 per centum of the total acreage allotment that would otherwise be made to such county.

(b) The acreage allotment to the county for corn shall be apportioned by the Secretary, through the local committees, among the farms within the county on the basis of tillable acreage, crop-rotation practices, type of soil, and topography.

### PART III—MARKETING QUOTAS—WHEAT

#### LEGISLATIVE FINDINGS

SEC. 331. Wheat is a basic source of food for the Nation, is produced throughout the United States by more than a million farmers, is sold on the country-wide market and, as wheat or flour, flows almost entirely through instrumentalities of interstate and foreign commerce from producers to consumers.

Abnormally excessive and abnormally deficient supplies of wheat on the country-wide market acutely and directly affect, burden, and obstruct interstate and foreign commerce. Abnormally excessive supplies overtax the facilities of interstate and foreign transportation, congest terminal markets and milling centers in the flow of wheat from producers to consumers, depress the price of wheat in interstate and foreign commerce, and otherwise disrupt the orderly marketing of such commodity in such commerce. Abnormally deficient supplies result in an inadequate flow of wheat and its products in interstate and foreign commerce with consequent injurious effects to the instrumentalities of such commerce and with excessive increases in the prices of wheat and its products in interstate and foreign commerce.

It is in the interest of the general welfare that interstate and foreign commerce in wheat and its products be protected from such burdensome surpluses and distressing shortages, and that a supply of wheat be maintained which is adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty, and that the soil resources of the Nation be not wasted in the production of such burdensome surpluses. Such surpluses result in disastrously low prices of wheat and other grains to wheat producers, destroy the purchasing power of grain producers for industrial products, and reduce the value of the agricultural assets supporting the national credit structure. Such shortages of wheat result in unreasonably high prices of flour and bread to consumers and loss of market outlets by wheat producers.

The conditions affecting the production and marketing of wheat are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of such surpluses and shortages and the burdens on interstate and foreign commerce resulting therefrom, maintain normal supplies of wheat, or provide for the orderly marketing thereof in interstate and foreign commerce.

The provisions of this Part affording a cooperative plan to wheat producers are necessary in order to minimize recurring surpluses and shortages of wheat in interstate and foreign commerce, to provide for the maintenance of adequate reserve supplies thereof, and provide



for an adequate flow of wheat and its products in interstate and foreign commerce. The provisions hereof for regulation of marketings by producers of wheat whenever an abnormally excessive supply of such commodity exists are necessary in order to maintain an orderly flow of wheat in interstate and foreign commerce under such conditions.

#### PROCLAMATIONS OF SUPPLIES AND ALLOTMENTS

SEC. 332. Not later than May 15 of each calendar year the Secretary shall ascertain and proclaim the national acreage allotment for the crop of wheat produced in the next succeeding calendar year.

#### NATIONAL ACREAGE ALLOTMENT

SEC. 333. The national acreage allotment for any crop of wheat shall be that acreage which the Secretary determines will, on the basis of the national average yield for wheat, produce an amount thereof adequate, together with the estimated carry-over at the beginning of the marketing year for such crop and imports, to make available a supply for such marketing year equal to a normal year's domestic consumption and exports plus 30 per centum thereof. The national acreage allotment for wheat for any year shall be not less than fifty-five million acres.

#### APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT

SEC. 334. (a) The national acreage allotment for wheat, less a reserve of not to exceed one per centum thereof for apportionment as provided in this subsection, shall be apportioned by the Secretary among the several States on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and for trends in acreage during such period: *Provided*, That in establishing State acreage allotments the acreage seeded for the production of wheat plus the acreage diverted for 1959 and any subsequent year for any farm on which the entire amount of the farm marketing excess is delivered to the Secretary or stored in accordance with applicable regulations to avoid or postpone payment of the penalty shall be the base acreage of wheat determined for the farm under the regulations issued by the Secretary for determining farm wheat acreage allotments for such year, but if any part of the amount of wheat so stored is later depleted and penalty becomes due by reason of such depletion, for the purpose of establishing State wheat acreage allotments subsequent to such depletion the seeded plus diverted acreage of wheat for the farm for the year in which the excess was produced shall be reduced to the farm wheat acreage allotment for such year. The reserve acreage set aside herein for apportionment by the Secretary shall be used to make allotments to counties, in addition to the county allotments made under subsection (b) of this section, on the basis of the relative needs of counties for additional allotment because of reclamation and

other new areas coming into the production of wheat during the ten calendar years ending with the calendar year in which the national acreage allotment is proclaimed.

(b) The State acreage allotment for wheat, less a reserve of not to exceed 3 per centum thereof for apportionment as provided in subsection (c) of this section, shall be apportioned by the Secretary among the counties in the State, on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during such period and for the promotion of soil-conservation practices: *Provided*, That in establishing county acreage allotments the acreage seeded for the production of wheat plus the acreage diverted for 1959 and any subsequent year for any farm on which the entire amount of the farm marketing excess is delivered to the Secretary or stored in accordance with applicable regulations to avoid or postpone payment of the penalty shall be the base acreage of wheat determined for the farm under the regulations issued by the Secretary for determining farm wheat acreage allotments for such year, but if any part of the amount of wheat so stored is later depleted and penalty becomes due by reason of such depletion, for the purpose of establishing county acreage allotments subsequent to such depletion the seeded plus diverted acreage of wheat for the farm for the year in which the excess was produced shall be reduced to the farm wheat acreage allotment for such year.

(c) The allotment to the county shall be apportioned by the Secretary, through the local committees, among the farms within the county on the basis of past acreage of wheat tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3 per centum of the State allotment shall be apportioned to farms on which wheat has not been planted during any of the three marketing years immediately preceding the marketing year in which the allotment is made. For the purpose of establishing farm acreage allotments—(i) the past acreage of wheat on any farm for 1958 shall be the base acreage determined for the farm under the regulations issued by the Secretary for determining 1958 farm wheat acreage allotments; (ii) if subsequent to the determination of such base acreage the 1958 wheat acreage allotment for the farm is increased through administrative, review, or court proceedings, the 1958 farm base acreage shall be increased in the same proportion; and (iii) the past acreage of wheat for 1959 and any subsequent year shall be the wheat acreage on the farm which is not in excess of the farm wheat acreage allotment, plus, in the case of any farm which is in compliance with its farm wheat acreage allotment, the acreage diverted under such wheat allotment programs: *Provided*, That for 1959 and subsequent years in the case of any farm on which the entire amount of the farm marketing excess is delivered to the Secretary or stored in accordance with applicable regulations to avoid or postpone payment of the penalty, the past acreage of wheat for the year in which such farm marketing excess is so delivered or stored shall be the farm base acreage of wheat determined for the farm under the regulations issued by the Secretary for



determining farm wheat acreage allotments for such year, but if any part of the amount of wheat so stored is later depleted and penalty becomes due by reason of such depletion, for the purpose of establishing farm wheat acreage allotments subsequent to such depletion the past acreage of wheat for the farm for the year in which the excess was produced shall be reduced to the farm wheat acreage allotment for such year.

(d) Notwithstanding any other provision of this section, the allotments established, or which would have been established, for any farm acquired in 1950 or thereafter by the United States for national-defense purposes shall be placed in an allotment pool and shall be used only to establish allotments for other farms owned or acquired by the owner of the farm so acquired by the United States. The allotment so made for any farm, including a farm on which wheat has not been planted during any of the three marketing years preceding the marketing year in which the allotment is made, shall compare with the allotments established for other farms in the same area which are similar except for the past acreage of wheat.

(e) Notwithstanding any other provision of this Act, the Secretary shall increase the farm marketing quotas and acreage allotments for the 1957 crop of wheat for farms located in counties in the States of North Dakota, Minnesota, Montana, South Dakota, and California, designated by the Secretary as counties which (1) are capable of producing durum wheat (class II) and (2) have produced such wheat for commercial food products during one or more of the five years 1952 through 1956. The increase in the wheat acreage allotment for any farm shall be conditioned upon the production of durum wheat (class II) on such increased acreage. The increased allotment shall be determined by adding to the allotment established without regard to this subsection (hereinafter referred to as the "original allotment") an acreage equal to the acreage by which the original allotment exceeds the 1957 acreage on the farm of classes of wheat other than durum wheat (class II) (hereinafter referred to as "other wheat"), but such increased allotment shall not exceed the smaller of the cropland on the farm well suited to wheat or the wheat acreage on the farm: *Provided*, That for the purpose of this subsection (1) the original allotment for each farm shall be not less than fifteen acres, and (2) varieties of class II (durum wheat) known as "Golden Ball" and "Peliss" shall be regarded as "other wheat." Notwithstanding any other provision of this subsection, (1) no acreage allotment shall be increased under this subsection by more than sixty acres, and (2) no acreage allotment shall be increased under this subsection for any farm on which the producer knowingly devotes to the production of other wheat an acreage in excess of the acreage allotment established without regard to this subsection (and particularly without regard to clause (1) of the foregoing proviso).

The increases in wheat acreage allotments authorized by this subsection shall be in addition to the National, State, and county wheat acreage allotments, and the acreage of durum wheat (class II) on such increased allotments shall not be considered in establishing future State, county and farm acreage allotments.

The provisions of paragraph (6) of Public Law 74, Seventy-seventh Congress (7 U. S. C. 1340 (6)), and section 326 (b) of this Act, relating to the reduction of the storage amount of wheat shall apply to the allotment for the farm established without regard to this subsection and not to the increased allotment under this subsection.

For the purpose of applying section 103 (a) (1) of the Soil Bank Act (relating to participation in the acreage reserve) to any farm receiving an increased allotment under this subsection—

(1) the “farm acreage allotment” shall be the allotment established without regard to this subsection and not the increased allotment under this subsection, and

(2) each acre planted to durum wheat (class II) shall count as one-half acre of wheat.

For the purposes of this subsection “wheat acreage on the farm” shall include acreage in the wheat acreage reserve.

(f) Any part of any 1955, 1956, or 1957 farm wheat acreage allotment on which wheat will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county receiving allotments in amounts determined by the county committee to be fair and reasonable on the basis of past acreage of wheat tillable acres, crop rotation practices, type of soil, and topography. If all of the allotted acreage voluntarily surrendered is not needed in the county, the county committee may surrender the excess acreage to the State committee to be used for the same purposes as the State acreage reserve under subsection (c) of this section. Any allotment transferred under this provision shall be regarded for the purposes of subsection (c) of this section as having been planted on the farm from which transferred rather than on the farm to which transferred, except that this shall not operate to make the farm from which the allotment was transferred eligible for an allotment as having wheat planted thereon during the three-year base period: *Provided*, That notwithstanding any other provisions of law, any part of any 1955, 1956, or 1957 farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein. Acreage surrendered, reapportioned under this subsection, and planted shall be credited to the State and county in determining future acreage allotments.

(g) If the county committee determines that any producer is prevented from seeding wheat for harvest as grain in his usual planting season because of unfavorable weather conditions, and the operator of the farm notifies the county committee not later than December 1 in any area where only winter wheat is grown, or June 1 in the spring wheat area (including an area where both spring and winter wheat are grown), that he does not intend to seed his full wheat allotment for the crop year because of the unfavorable weather conditions, the entire farm wheat allotment for such year shall be regarded as wheat acreage for the purposes of establishing future State, county, and farm acreage allotments: *Provided*, That if any producer on a farm obtains a reduction in the storage amount of any previous crop of



wheat by reason of underplanting the farm wheat acreage allotment pursuant to paragraph (6) of Public Law 74, Seventy-seventh Congress (7 U. S. C. 1340 (6)), or by reason of producing less than the normal production of the farm wheat acreage allotment pursuant to section 326 (b) of this Act, this provision may not be made applicable to such farm with respect to the crop of wheat for which the farm acreage allotment was established.

(h) Notwithstanding any other provision of law, no acreage in the commercial wheat-producing area seeded to wheat for harvest as grain in 1958 or thereafter in excess of acreage allotments shall be considered in establishing future State and county acreage allotments except as prescribed in the provisos to the first sentence of subsections (a) and (b), respectively, of this section. The planting on a farm in the commercial wheat-producing area of wheat of the 1958 or any subsequent crop for which no farm wheat acreage allotment was established shall not make the farm eligible for an allotment as an old farm pursuant to the first sentence of subsection (c) of this section nor shall such farm by reason of such planting be considered ineligible for an allotment as a new farm under the second sentence of such subsection.

(i) Notwithstanding any other provision of this Act the Secretary shall increase the acreage allotments for the 1958 and 1959 crops of wheat for farms in the irrigable portion of the area known as the Tulalake division of the Klamath project of California located in Modoc and Siskiyou Counties, California, as defined by the United States Department of Interior, Bureau of Reclamation, and hereinafter referred to as the area. The increase for the area for each such crop shall be determined by adding to the total allotments established for farms in the area for the particular crop without regard to this subsection, hereinafter referred to as the original allotments, an acreage sufficient to make available for each such crop a total allotment of eight thousand acres for the area. The additional allotments made available by this subsection shall be in addition to the National, State and county allotments otherwise established under this Act, but the acreage planted to wheat pursuant to such increased allotments shall be taken into account in establishing future State, county, and farm acreage allotments. The Secretary shall apportion the additional allotment acreage made available under this subsection between Modoc and Siskiyou Counties on the basis of the relative needs for additional allotments for the portion of the area in each county. The Secretary shall also allot such additional acreage to individual farms in the area for which an application for an increased acreage is made on the basis of tillable acres, crop rotation practices, type of soil and topography, and taking into account the original allotment for the farm, if any. No producer shall be eligible to participate in the wheat acreage reserve program with respect to any farm for any year for which such farm receives an additional allotment under this subsection; and no wheat produced on such farm in such year shall be eligible for price support. The increase in the wheat acreage allotment for any farm under this subsection shall be conditioned upon the production of durum wheat (class II) on such increased acreage.

## MARKETING QUOTAS

SEC. 335. (a) Whenever in any calendar year the Secretary determines—

(1) that the total supply of wheat for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year by more than 20 per centum; or

(2) that the total supply of wheat for the marketing year ending in such calendar year is not less than the normal supply for the marketing year so ending, and that the average farm price for wheat for three successive months of the marketing year so ending does not exceed 66 per centum of parity

the Secretary shall, not later than May 15 of such calendar year, proclaim such fact and, during the marketing year beginning July 1 of the next succeeding calendar year and continuing throughout such marketing year, a national marketing quota shall be in effect with respect to the marketing of wheat. Marketing quotas for any marketing year shall be in effect with respect to wheat harvested in the calendar year in which such marketing year begins notwithstanding that the wheat is marketed prior to the beginning of such marketing year.

(b) The amount of the national marketing quota for wheat shall be equal to a normal year's domestic consumption and exports plus 30 per centum thereof, less the sum of (1) the estimated carry-over of wheat as of the beginning of the marketing year with respect to which the quota is proclaimed and (2) the estimated amount of wheat which will be used on farms as seed or livestock feed during the marketing year.

(c) The farm marketing quota for any farm for any marketing year shall be a number of bushels of wheat equal to the sum of—

(1) A number of bushels equal to the normal production or the actual production, whichever is the greater, of the farm acreage allotment; and

(2) A number of bushels equal to the amount, or part thereof, of wheat from any previous crop which the farmer has on hand which, had such amount, or part thereof, been marketed during the preceding marketing year in addition to the wheat actually marketed during such preceding marketing year, could have been marketed without penalty.

(3) Any farmer who does not market wheat in excess of the normal production or the actual production, whichever is the greater, of the farm acreage allotment shall not be subject to penalty under the provisions of section 339. Any farmer who stores, in accordance with regulations issued by the Secretary, an amount of wheat which is less than the amount subject to penalty, shall be presumed to have marketed the amount of such wheat subject to penalty which is not so stored.

(d) No farm marketing quota with respect to wheat shall be applicable in any marketing year to any farm on which the normal production of the acreage planted to wheat of the current crop is less than two hundred bushels.

(e) If, for any marketing year, the acreage allotment for wheat for any State is twenty-five thousand acres or less, the Secretary, in order to promote efficient administration of this Act and the Agricul-



tural Act of 1949, may designate such State as outside the commercial wheat-producing area for such marketing year. No farm marketing quota or acreage allotment with respect to wheat under this title shall be applicable in such marketing year to any farm in any State so designated; and no acreage allotment in any other State shall be increased by reason of such designation. Notice of any such designation shall be published in the Federal Register.

(f) The Secretary, upon application made pursuant to regulations prescribed by him, shall exempt producers from any obligation under this Act to pay the penalty on, deliver to the Secretary, or store the farm marketing excess with respect to any farm for any crop of wheat harvested in 1958 or any subsequent year on the following conditions:

(1) That the total wheat acreage on the farm does not exceed 30 acres: *Provided, however,* That this condition shall not apply to farms operated by and as part of State or county institutions or religious or eleemosynary institutions;

(2) That none of such crop of wheat is removed from such farm except to be processed for use as human food or livestock feed on such farm and none of such crop is sold or exchanged for goods or services;

(3) That such entire crop of wheat is used on such farm for seed, human food, or feed for livestock, including poultry, owned by any such producer, or a subsequent owner or operator of the farm; and

(4) That such producers and their successors comply with all regulations prescribed by the Secretary for the purpose of determining compliance with the foregoing conditions.

Failure to comply with any of the foregoing conditions shall cause the exemption to become immediately null and void unless such failure is due to circumstances beyond the control of such producers as determined by the Secretary. In the event an exemption becomes null and void the provisions of this Act shall become applicable to the same extent as if such exemption had not been granted. No acreage planted to wheat in excess of the farm acreage allotment for a crop covered by an exemption hereunder shall be considered in determining any subsequent wheat acreage allotment or marketing quota for such farm and the estimated production from such excess acreage shall not be included in total supply and normal supply in the determination of future marketing quotas and level of price support. No producer exempted under this section shall be eligible to vote in the referendum under section 336 with respect to the next subsequent crop of wheat.

#### REFERENDUM

SEC. 336. Between the date of the issuance of any proclamation of any national marketing quota for wheat and July 25, the Secretary shall conduct a referendum, by secret ballot, of farmers who will be subject to the quota specified therein to determine whether such farmers favor or oppose such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the effective date of such quota, by proclamation suspend the operation of the national marketing quotas with respect to wheat.

## ADJUSTMENT AND SUSPENSION OF QUOTA

SEC. 337. (a) If the total supply as proclaimed by the Secretary within forty-five days after the beginning of the marketing year is less than that specified in the proclamation by the Secretary under section 335 (a), then the national marketing quota specified in the proclamation under such section shall be increased accordingly.

(b) Whenever it shall appear from either the July or the August production estimates, officially published by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics of the Department, that the total supply of wheat as of the beginning of the marketing year was less than a normal year's domestic consumption and exports plus 30 per centum thereof, the Secretary shall proclaim such fact prior to July 20, or August 20, as the case may be, if farm marketing quotas have been announced with respect to the crop grown in such calendar year. Thereupon such quotas shall become ineffective.

## TRANSFER OF QUOTAS

SEC. 338. Farm marketing quotas for wheat shall not be transferable, but, in accordance with regulations prescribed by the Secretary for such purpose, any farm marketing quota in excess of the supply of wheat for such farm for any marketing year may be allocated to other farms on which the acreage allotment has not been exceeded.

## PART IV—MARKETING QUOTAS—COTTON

## LEGISLATIVE FINDINGS

SEC. 341. American cotton is a basic source of clothing and industrial products used by every person in the United States and by substantial numbers of people in foreign countries. American cotton is sold on a world-wide market and moves from the places of production almost entirely in interstate and foreign commerce to processing establishments located throughout the world at places outside the State where the cotton is produced.

Fluctuations in supplies of cotton and the marketing of excessive supplies of cotton in interstate and foreign commerce disrupt the orderly marketing of cotton in such commerce with consequent injury to and destruction of such commerce. Excessive supplies of cotton directly and materially affect the volume of cotton moving in interstate and foreign commerce and cause disparity in prices of cotton and industrial products moving in interstate and foreign commerce with consequent diminution of the volume of such commerce in industrial products.

The conditions affecting the production and marketing of cotton are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of excessive supplies of cotton and fluctuations in supplies, cannot prevent indiscriminate dumping of excessive supplies on the Nation-wide and foreign markets, cannot maintain normal carry-overs of cotton, and cannot provide for the orderly marketing of cotton in interstate and foreign commerce.



It is in the interest of the general welfare that interstate and foreign commerce in cotton be protected from the burdens caused by the marketing of excessive supplies of cotton in such commerce, that a supply of cotton be maintained which is adequate to meet domestic consumption and export requirements in years of drought, flood and other adverse conditions as well as in years of plenty, and that the soil resources of the Nation be not wasted in the production of excessive supplies of cotton.

The provisions of this Part affording a cooperative plan to cotton producers are necessary and appropriate to prevent the burdens on interstate and foreign commerce caused by the marketing in such commerce of excessive supplies, and to promote, foster, and maintain an orderly flow of an adequate supply of cotton in such commerce.

#### NATIONAL MARKETING QUOTA

SEC. 342. Whenever during any calendar year the Secretary determines that the total supply of cotton for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year, the Secretary shall proclaim such fact and a national marketing quota shall be in effect for the crop of cotton produced in the next calendar year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the number of bales of cotton (standard bales of five hundred pounds gross weight) adequate, together with (1) the estimated carry-over at the beginning of the marketing year which begins in the next calendar year and (2) the estimated imports during such marketing year, to make available a normal supply of cotton. The national marketing quota for any year shall be not less than ten million bales or one million bales less than the estimated domestic consumption plus exports of cotton for the marketing year ending in the calendar year in which such quota is proclaimed, whichever is smaller: *Provided*, That the national marketing quota for 1950 shall be not less than the number of bales required to provide a national acreage allotment of twenty-one million acres. Such proclamation shall be made not later than October 15 of the calendar year in which such determination is made. Notwithstanding the foregoing provisions of this section, the national marketing quota for cotton for 1957 and 1958 shall be not less than the number of bales required to provide a national acreage allotment for 1957 and 1958 equal to the national acreage allotment for 1956: *Provided*, That if the acreage allotment for any State for 1957 or 1958 is less than its allotment for the preceding year by more than 1 per centum, such State allotment shall be increased so that the reduction shall not exceed 1 per centum per annum, and the acreage required for such increase shall be in addition to the national acreage allotment for such year. Additional acreage apportioned to a State for 1957 or 1958 under the foregoing proviso shall not be taken into account in establishing future State allotments.

#### REFERENDUM

SEC. 343. Not later than December 15 following the issuance of the marketing quota proclamation provided for in section 342, the Secretary shall conduct a referendum, by secret ballot, of farmers engaged

in the production of cotton in the calendar year in which the referendum is held, to determine whether such farmers are in favor of or opposed to the quota so proclaimed: *Provided*, That if marketing quotas are proclaimed for the 1950 crop, farmers eligible to vote in the referendum held with respect to such crop shall be those farmers who were engaged in the production of cotton in the calendar year of 1948. If more than one-third of the farmers voting in the referendum oppose the national marketing quota, such quota shall become ineffective upon proclamation of the results of the referendum. The Secretary shall proclaim the results of any referendum held hereunder within thirty days after the date of such referendum.

#### ACREAGE ALLOTMENTS

SEC. 344. (a) Whenever a national marketing quota is proclaimed under section 342, the Secretary shall determine and proclaim a national acreage allotment for the crop of cotton to be produced in the next calendar year. The national acreage allotment for cotton shall be that acreage, based upon the national average yield per acre of cotton for the five years immediately preceding the calendar year in which the national marketing quota is proclaimed, required to make available from such crop an amount of cotton equal to the national marketing quota.

(b) The national acreage allotment for cotton for 1953 and subsequent years shall be apportioned to the States on the basis of the acreage planted to cotton (including the acreage regarded as having been planted to cotton under the provisions of Public Law 12, Seventy-ninth Congress) during the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed, with adjustments for abnormal weather conditions during such period: *Provided*, That there is hereby established a national acreage reserve consisting of one hundred thousand acres which shall be in addition to the national acreage allotment; and such reserve shall be apportioned to the States on the basis of their needs for additional acreage for establishing minimum farm allotments under subsection (f) (1), as determined by the Secretary without regard to State and county acreage reserves (except that the amount apportioned to Nevada shall be one thousand acres), and the additional acreage so apportioned to the State shall be apportioned to the counties on the same basis and added to the county acreage allotment for apportionment to farms pursuant to subsection (f) of this section (except that no part of such additional acreage shall be used to increase the county reserve above 15 per centum of the county allotment determined without regard to such additional acreage). Additional acreage apportioned to a State for any year under the foregoing proviso shall not be taken into account in establishing future State acreage allotments. Needs for additional acreage under the foregoing proviso and under the last proviso in subsection (e) shall be determined as though allotments were first computed without regard to subsection (f) (1).

(c) (Applicable only to the 1950 and 1951 crops of cotton.)

(d) (Applicable only to the 1952 crop of cotton.)

(e) The State acreage allotment for cotton shall be apportioned to counties on the same basis as to years and conditions as is appli-



cable to the State under subsections (b), (c), and (d) of this section: *Provided*, That the State committee may reserve not to exceed 10 per centum of its State acreage allotment (15 per centum if the State's 1948 planted acreage was in excess of one million acres and less than half its 1943 allotment) which shall be used to make adjustments in county allotments for trends in acreage, for counties adversely affected by abnormal conditions affecting plantings, or for small or new farms, or to correct inequities in farm allotments and to prevent hardship: *Provided further*, That if the additional acreage allocated to a State under the proviso in subsection (b) is less than the requirements as determined by the Secretary for establishing minimum farm allotments for the State under subsection (f) (1), the acreage reserved by the State committee under this subsection shall not be less than the smaller of (1) the remaining acreage so determined to be required for establishing minimum farm allotments or (2) 3 per centum of the State acreage allotment; and the acreage which the State committee is required to reserve under this proviso shall be allocated to counties on the basis of their needs for additional acreage for establishing minimum farm allotments under subsection (f) (1), and added to the county acreage allotment for apportionment to farms pursuant to subsection (f) of this section (except that no part of such additional acreage shall be used to increase the county reserve above 15 per centum of the county allotment determined without regard to such additional acreages).

(f) The county acreage allotment, less not to exceed the percentage provided for in paragraph (3) of this subsection, shall be apportioned to farms on which cotton has been planted (or regarded as having been planted under the provisions of Public Law 12, Seventy-ninth Congress) in any one of the three years immediately preceding the year for which such allotment is determined on the following basis:

(1) Insofar as such acreage is available, there shall be allotted the smaller of the following: (A) four acres; or (B) the highest number of acres planted to cotton in any year of such three-year period.

(2) The remainder shall be allotted to farms other than farms to which an allotment has been made under paragraph (1) (B) so that the allotment to each farm under this paragraph together with the amount of the allotment to such farm under paragraph (1) (A) shall be a prescribed percentage (which percentage shall be the same for all such farms in the county or administrative area) of the acreage, during the preceding year, on the farm which is tilled annually or in regular rotation, excluding from such acreages the acres devoted to the production of sugarcane for sugar; sugar beets for sugar; wheat, tobacco, or rice for market; peanuts picked and threshed; wheat or rice for feeding to livestock for market; or lands determined to be devoted primarily to orchards or vineyards, and nonirrigated lands in irrigated areas: *Provided, however*, That if a farm would be allotted under this paragraph an acreage together with the amount of the allotment to such farm under paragraph (1) (A) in excess of the largest acreage planted (and regarded as planted under Public Law 12, Seventy-ninth Congress) to cotton during any of the preceding three years, the acreage allotment for such farm shall not exceed such largest acreage so planted (and regarded as planted under Public Law 12, Seventy-ninth Congress) in any such year.

(3) The county committee may reserve not in excess of 15 per centum of the county allotment \* \* \* which, in addition to the acreage made available under the proviso in subsection (e), shall be used for (A) establishing allotments for farms on which cotton was not planted (or regarded as planted under Public Law 12, Seventy-ninth Congress) during any of the three calendar years immediately preceding the year for which the allotment is made, on the basis of land, labor, and equipment available for the production of cotton, crop-rotation practices, and the soil and other physical facilities affecting the production of cotton; and (B) making adjustments of the farm acreage allotments established under paragraphs (1) and (2) of this subsection so as to establish allotments which are fair and reasonable in relation to the factors set forth in this paragraph and abnormal conditions of production on such farms, or in making adjustments in farm acreage allotments to correct inequities and to prevent hardships: *Provided*, That not less than 20 per centum of the acreage reserved under this subsection shall, to the extent required, be allotted, upon such basis as the Secretary deems fair and reasonable to farms (other than farms to which an allotment has been made under subsection (f) (1) (B)), if any, to which an allotment of not exceeding fifteen acres may be made under other provisions of this subsection.

(4) Any part of the acreage allotted for 1950 to individual farms in any county under the provisions of this section which will not be planted to cotton and which is voluntarily surrendered to the county committee shall be deducted from the allotments to such farms and may be reapportioned by the county committee to other farms in the same county receiving allotments to the extent necessary to provide such farms with the allotments authorized under paragraph (5) of this subsection. If any acreage remains after providing such allotments, it may be apportioned in amounts determined by the county committee to be fair and reasonable to other farms in the same county receiving allotments which the county committee determines are inadequate and not representative in view of their past production of cotton and to new farms in such county. No allotment shall be made, or increased, by reason of this paragraph to an acreage in excess of 40 per centum of the acreage on the farm which is tilled annually or in regular rotation, as determined under regulations prescribed by the Secretary. Any transfer of allotment under this paragraph shall not operate to reduce the allotment for any subsequent year for the farm from which acreage is transferred, except in accordance with paragraph (1) (B) and the proviso in paragraph (2) of this subsection: *Provided*, That any part of any farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm and may be reapportioned in the manner set forth above. In any subsequent year, unless hereafter otherwise provided by law, acreage surrendered under this paragraph and reallocated pursuant to applications filed in accordance with the provisions of paragraph (5) of this section shall be credited to the State and county in determining acreage allotments.

(5) Notwithstanding any other provision of law and without reducing any farm acreage allotment determined pursuant to the foregoing provisions of this subsection, each farm acreage allotment for 1950 shall be increased by such amount as may be necessary to provide an



allotment equal to the larger of 65 per centum of the average acreage planted to cotton (or regarded as planted to cotton under the provisions of Public Law 12, Seventy-ninth Congress) on the farm in 1946, 1947, and 1948, or 45 per centum of the highest acreage planted to cotton (or regarded as planted to cotton under Public Law 12, Seventy-ninth Congress) on the farm in any one of such three years; but no such allotment shall be increased by reason of this provision to an acreage in excess of 40 per centum of the acreage on the farm which is tilled annually or in regular rotation, as determined under regulations prescribed by the Secretary. An increase in any 1950 farm acreage allotment shall be made pursuant to this paragraph only upon application in writing by the owner or operator of the farm within such reasonable period of time (in no event less than fifteen days) as may be prescribed by the Secretary. The additional acreage required to be allotted to farms under this paragraph shall be in addition to the county, State, and national acreage allotments and the production from such acreage shall be in addition to the national marketing quota. The additional acreage authorized by this paragraph shall not be taken into account in establishing future State, county, and farm acreage allotments.

(6) Notwithstanding the provisions of paragraph (2) of this subsection, if the county committee recommends such action and the Secretary determines that such action will result in a more equitable distribution of the county allotment among farms in the county, the remainder of the county acreage allotment (after making allotments as provided in paragraph (1) of this subsection) shall be allotted to farms other than farms to which an allotment has been made under paragraph (1) (B) of this subsection so that the allotment to each farm under this paragraph together with the amount of the allotment of such farm under paragraph (1) (A) of this subsection shall be a prescribed percentage (which percentage shall be the same for all such farms in the county) of the average acreage planted to cotton on the farm during the three years immediately preceding the year for which such allotment is determined, adjusted as may be necessary for abnormal conditions affecting plantings during such three-year period: *Provided*, That the county committee may in its discretion limit any farm acreage allotment established under the provisions of this paragraph for any year to an acreage not in excess of 50 per centum of the cropland on the farm, as determined pursuant to the provisions of paragraph (2) of this subsection: *Provided further*, That any part of the county acreage allotment not apportioned under this paragraph by reason of the initial application of such 50 per centum limitation shall be added to the county acreage reserve under paragraph (3) of this subsection and shall be available for the purpose specified therein. If the county acreage allotment is apportioned among the farms of the county in accordance with the provisions of this paragraph, the acreage reserved under paragraph (3) of this subsection may be used to make adjustments so as to establish allotments which are fair and reasonable to farms receiving allotments under this paragraph in relation to the factors set forth in paragraph (3).

(7) *Notwithstanding the foregoing provisions of paragraphs (2) and (6) of this subsection, the Secretary may, if he determines that such action will facilitate the effective administration of the provi-*

*sions of the Act, provide for the county acreage allotment for 1959, 1960, and 1961, less the acreage reserved under paragraph (3) of this subsection, to be apportioned to farms on which cotton has been planted in any one of the three years immediately preceding the year for which such allotment is determined, on the basis of the farm acreage allotment for the year immediately preceding the year for which such apportionment is made, adjusted as may be necessary for any change in the acreage of cropland available for the production of cotton: Provided, That the State and county bases for apportioning the acreage reserve provided for in subsection (b) of this section for establishing minimum farm allotments pursuant to paragraph (1) of this subsection shall be the same as those determined by the Secretary in apportioning such reserves in establishing 1958 farm cotton acreage allotments.*

(g) Notwithstanding the foregoing provisions of this section—

(1) State, county, and farm acreage allotments and yields for cotton shall be established in conformity with Public Law 28, Eighty-first Congress.

(2) In apportioning the county allotment among the farms within the county, the Secretary, through the local committees, shall take into consideration different conditions within separate administrative areas within a county if any exist, including types, kinds, and productivity of the soil so as to prevent discrimination among the administrative areas of the county.

(3) For any farm on which the acreage planted to cotton in any year is less than the farm acreage allotment for such year by not more than the larger of 10 per centum of the allotment or one acre, an acreage equal to the farm acreage allotment shall be deemed to be the acreage planted to cotton on such farm, and the additional acreage added to the cotton acreage history for the farm shall be added to the cotton acreage history for the county and State.

(h) Notwithstanding any other provision of this section, the county committee, upon application by the owner or operator of the farm, (1) may establish an allotment for any cotton farm acquired in 1940 or thereafter for nonfarming purposes by the United States or any State or agency thereof which has been returned to agricultural production but which is not eligible for an allotment under paragraph (1) or (2) of subsection (f) of this section, and (2) shall establish an allotment for any farm within the State owned or operated by the person from whom a cotton farm was acquired in such State in 1940 or thereafter for a governmental or other public purpose: *Provided*, That no allotment shall be established for any such farm unless application therefor is filed within three years after acquisition of such farm by the applicant or within three years after the enactment of this Act, whichever period is longer: *And provided further*, That no person shall be entitled to receive an allotment under both (1) and (2) of this subsection. The allotment so made for any such farm shall compare with the allotments established for other farms in the same area which are similar, taking into consideration the acreage allotment, if any, of the farm so acquired, the land, labor, and equipment available for the production of cotton, crop rotation practices, and the soil and other physical facilities affecting the production of cotton. Except



to the extent that the production on any such farm has contributed to the county and State allotments, any allotment established pursuant to this subsection shall be in addition to the acreage allotments otherwise established for the county and State under this Act, and the production from the additional acreage so allotted shall be in addition to the national marketing quota. In any county in which a major flood-control reservoir constructed by the United States Government shall have been located wholly or in part, acreage allotments for the production of cotton on the lands within such reservoir, which lands, because of permanent or perennial flooding occasioned by the construction of such reservoir, shall be unfit for further cotton production, may be reallocated, within the discretion of the county committee, to other lands within the county as will in the opinion of said committee best serve the public interest.

(i) Notwithstanding any other provision of this Act, any acreage planted to cotton in excess of the farm acreage allotment shall not be taken into account in establishing State, county, and farm acreage allotments.

(j) Notwithstanding any other provision of this Act, State and county committees shall make available for inspection by owners or operators of farms receiving cotton acreage allotments all records pertaining to cotton acreage allotments and marketing quotas.

(k) Notwithstanding any other provision of this section except subsection (g) (1), there shall be allotted to each State for which an allotment is made under this section not less than the smaller of (A) four thousand acres or (B) the highest acreage planted to cotton in any one of the three calendar years immediately preceding the year for which the allotment is made.

(l) (This subsection relating to war crops under Public Law 12, Seventy-ninth Congress, does not apply to the 1955 and succeeding crops of cotton.)

(m) Notwithstanding any other provision of law—

(1) The national acreage allotment established under subsection (a) of this section for the 1954 crop of cotton shall be increased to twenty-one million acres and apportioned to the States in the same manner in which the national acreage allotment heretofore established for 1954 was apportioned to the States. In addition to such increased national acreage allotment, and in order to provide equitable adjustments in 1954 farm acreage allotments, (A) three hundred and fifteen thousand additional acres shall be prorated as follows: one-half to the States of Arizona, California, and New Mexico, and one-half to the other States (excluding those which received a minimum allotment under subsection (k) of this section), the proration of each half being made to the States participating therein on the basis of their respective shares of the increased national acreage allotment, and (B) such additional acreage shall be added as may be required to provide each State a total allotment under subsection (b) of this section and the provisions of this paragraph of not less than 66 per centum of the acreage planted to cotton in the State in 1952. The additional acreage made available to States under clause (B) of the preceding sentence shall not be taken into account in establishing future State acreage allotments. The additional acreage made available to States under the provisions of this paragraph (1) shall be apportioned to

counties on the basis of their respective shares of the State acreage allotment heretofore apportioned pursuant to subsection (e) of this section, and the additional acreage shall be apportioned to farms pursuant to the provisions of subsection (f) of this section: *Provided*, That, if the county committee determines that such action will result in a more equitable distribution of the additional county allotment among farms in the county, the additional acreage shall be apportioned by the county committee to farms so as to provide each farm with an allotment equal to the larger of 65 per centum of the average acreage planted to cotton on the farm in 1951, 1952, and 1953 (as determined by the county committee in establishing allotments under subsection (f) of this section) or 40 per centum of the highest acreage planted to cotton on the farm in any one of such three years as so determined: *Provided*, That the State committee in each State shall limit such increase based on the system of farming, soil, crop-rotation practices, and other physical factors affecting production in such State, to an acreage not in excess of 50 per centum of the cropland on the farm, as determined under regulations heretofore prescribed by the Secretary. If the additional acreage is insufficient to meet the total of the farm increases so computed, such farm increases shall be reduced pro rata to the additional acreage available to the county; if the additional acreage available to the county is in excess of the total of the farm increases so computed the acreage remaining after making such increases shall be allotted to farms pursuant to the provisions of subsection (f) (3). Notwithstanding the foregoing provisions of this paragraph, if the State committee determines that such action will result in a more equitable distribution of the additional acreage made available to the State under this paragraph (1) it shall apportion such additional allotment directly to farms so as to provide each farm with an allotment equal to the larger of 65 per centum of the average acreage planted to cotton on the farm in 1951, 1952, and 1953 (as determined by the county committee in establishing allotments under subsection (f) of this section) or 40 per centum of the highest acreage planted to cotton on the farm in any one of such three years as so determined: *Provided*, That the State committee in each State shall limit such increase based on the system of farming, soil, crop-rotation practices, and other physical factors affecting production in such State, to an acreage not in excess of 50 per centum of the cropland on the farm, as determined under regulations heretofore prescribed by the Secretary: *Provided*, That if the State total of the farm increases so computed exceeds the additional acreage made available to the State under this paragraph, such farm increases shall be reduced pro rata to the additional acreage available to the State. Any acreage unallotted to farms because of the limitations contained in the preceding sentence shall be apportioned by the State committee to counties on the basis of past acreages planted to cotton and shall be used by county committees for adjustments in farm allotments on the basis of one or more of the following: The past acreage of cotton on the farm, the percentage of cropland heretofore determined under subsection (f) (2) of this section, and the factors enumerated in subsection (f) (3) of this section. Before apportioning such unallotted acreage to counties as provided in the foregoing sentence, the State committee may, if it determines that such action is required to provide equitable



allotments within the State, apportion such unallotted acreage directly to farms to the extent required to provide each farm with the minimum allotment described in subsection (f) (1) of this section. Any part of the county allotment heretofore established for the 1954 crop which was not apportioned to farms because of the limitation contained in the proviso in subsection (f) (2) of this section shall be available to the State committee and used as provided above for apportionment of unallotted acreage to farms. The provisions of this subsection, except paragraph (2), shall not apply to extra long staple cotton covered by section 347 of this Act.

(2) Any part of any farm cotton acreage allotment on which cotton will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county receiving allotments in amounts determined by the county committee to be fair and reasonable on the basis of past acreage of cotton, land, labor, equipment available for the production of cotton, crop rotation practices, and soil and other physical facilities affecting the production of cotton. If all of the allotted acreage voluntarily surrendered is not needed in the county, the county committee may surrender the excess acreage to the State committee to be used for the same purposes as the State acreage reserve under subsection (e) of this section. Any allotment transferred under this provision shall be regarded for the purposes of subsection (f) of this section as having been planted on the farm from which transferred rather than on the farm to which transferred, except that this shall not operate to make the farm from which the allotment was transferred eligible for an allotment as having cotton planted thereon during the three-year base period: *Provided*, That notwithstanding any other provisions of law, any part of any farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein. Acreage surrendered, reapportioned under this paragraph, and planted shall be credited to the State and county in determining future acreage allotments. The provisions of this paragraph shall apply also to extra long staple cotton covered by section 347 of this Act.

(3) Notwithstanding any other provision of this section or other provision of law, the acreage allotted to any State for 1954 under the provisions of subsection (b) of this section and the provisions of paragraph (1) of this subsection which is less than one hundred thousand acres but more than thirty thousand acres shall be increased by an acreage equal to 15 per centum of the acreage allotted to it prior to the enactment of this subsection. Such acreage shall be used by the State committee as a reserve to make equitable adjustments in 1954 farm acreage allotments on the basis of land, labor, equipment available for the production of cotton, crop-rotation practices, past acreages of cotton, soil, and other physical factors affecting the production of cotton.

(n) Notwithstanding any other provision of this Act, if the Secretary determines that because of a natural disaster a substantial portion of the 1958 farm cotton acreage allotments in a county cannot be timely planted or replanted, he may authorize the transfer of all or a

part of the cotton acreage allotment for any farm in the county so affected to another farm in the county or in an adjoining county on which one or more of the producers on the farm from which the transfer is to be made will be engaged in the production of cotton and will share in the proceeds thereof, in accordance with such regulations as the Secretary may prescribe. Acreage history credits for transferred acreage shall be governed by the provisions of subsection (m) (2) of this section pertaining to the release and reapportionment of acreage allotments. No transfer hereunder shall be made to a farm covered by a 1958 acreage reserve contract for cotton.

#### FARM MARKETING QUOTAS

SEC. 345. The farm marketing quota for any crop of cotton shall be the actual production of the acreage planted to cotton on the farm less the farm marketing excess. The farm marketing excess shall be the normal production of that acreage planted to cotton on the farm which is in excess of the farm acreage allotment: *Provided*, That such farm marketing excess shall not be larger than the amount by which the actual production of cotton on the farm exceeds the normal production of the farm acreage allotment, if the producer establishes such actual production to the satisfaction of the Secretary.

#### PENALTIES

SEC. 346. (a) Whenever farm marketing quotas are in effect with respect to any crop of cotton, the producer shall be subject to a penalty on the farm marketing excess at a rate per pound equal to 50 per centum of the parity price per pound for cotton as of June 15 of the calendar year in which such crop is produced.

(b) The farm marketing excess of cotton shall be regarded as available for marketing and the amount of penalty shall be computed upon the normal production of the acreage on the farm planted to cotton in excess of the farm acreage allotment. If a downward adjustment in the amount of the farm marketing excess is made pursuant to the proviso in section 345, the difference between the amount of the penalty computed upon the farm marketing excess before such adjustment and as computed upon the adjusted farm marketing excess shall be returned to or allowed the producer.

(c) The person liable for payment or collection of the penalty shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

(d) Until the penalty on the farm marketing excess is paid, all cotton produced on the farm and marketed by the producer shall be subject to the penalty provided by this section and a lien on the entire crop of cotton produced on the farm shall be in effect in favor of the United States.

#### LONG STAPLE COTTON

SEC. 347. (a) Except as otherwise provided by this section, the provisions of the Part shall not apply to extra long staple cotton which is produced from pure strain varieties of the Barbadosense species, or and hybrid thereof, or other similar types of extra long staple cotton



designated by the Secretary having characteristics needed for various end uses for which American upland cotton is not suitable, and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of such varieties or types.

(b) Whenever during any calendar year, not later than October 15, the Secretary determines that the total supply of cotton described in subsection (a) for the marketing year beginning in such calendar year will exceed the normal supply thereof for such marketing year by more than 8 per centum, the Secretary shall proclaim such fact and a national marketing quota shall be in effect for the crop of such cotton produced in the next calendar year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the quantity of cotton described in subsection (a) adequate to make available a normal supply of cotton, taking into account (1) the estimated carry-over at the beginning of the marketing year which begins in the next calendar year, and (2) the estimated imports during such marketing year. The national marketing quota for cotton described in subsection (a) for any year shall not be less than the larger of thirty thousand bales or a number of bales equal to 30 per centum of the estimated domestic consumption plus exports of such cotton for the marketing year beginning in the calendar year in which such quota is proclaimed.

(c) All provisions of this Act, except section 342, subsection (h), (k), and (l) of section 344, the parenthetical provisions relating to acreages regarded as having been planted to cotton, and the provisions relating to minimum small farm allotments, shall, insofar as applicable, apply to marketing quotas and acreage allotments authorized by this section: *Provided*, That the applicable penalty rate for such cotton under section 346 shall be the higher of 50 per centum of the parity price or 50 per centum of the support price for extra long staple cotton as of the date specified therein.

(d) Unless marketing quotas are in effect under subsection (b) of this section, the penalty provisions of section 346 shall not apply to any cotton the staple of which is one and one-half inches or more in length.

(e) The exemptions authorized by subsections (a) and (d) of this section shall not apply unless (1) the cotton is ginned on a roller-type gin or (2) the Secretary authorizes the cotton to be ginned on another type gin for experimental purposes or to prevent loss of the cotton due to frost or other adverse condition.

#### PART V—MARKETING QUOTAS—RICE

##### LEGISLATIVE FINDING

SEC. 351. (a) The marketing of rice constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate and foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Rice produced for market is sold on a Nation-wide market, and, with its products, moves almost wholly in interstate and foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable

natural causes, in many cases such farmers carry on their farming operations on borrowed money or leased lands, and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government sanction and protection for joint economic action. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate and foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in interstate and foreign commerce and industrial products therein, with a consequent diminution of the volume of interstate and foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of rice exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate and foreign commerce in such commodity and its products, and the operation of the provisions of this Part becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in interstate and foreign commerce.

#### NATIONAL ACREAGE ALLOTMENT

SEC. 352. The national acreage allotment of rice for any calendar year shall be that acreage which the Secretary determines will, on the basis of the national average yield of rice for the five calendar years immediately preceding the calendar year for which such national average yield is determined, produce an amount of rice adequate, together with the estimated carry-over from the marketing year ending in such calendar year, to make available a supply for the marketing year commencing in such calendar year not less than the normal supply: *Provided, however*, That for 1956 no national acreage allotment shall be established which is less than 85 per centum of the final allotment established for the immediately preceding year. Such national acreage allotment shall be proclaimed not later than December 31 of each year.

#### APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT

SEC. 353. (a) The national acreage allotment of rice for each calendar year, less a reserve of not to exceed 1 per centum thereof for apportionment by the Secretary as provided in this subsection, shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the average number of acres of rice in each State during the five-year period immediately preceding the calendar year for which such national acreage allotment of rice is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs) with adjustments for trends in acreage during the applicable period. The



Secretary shall provide for the apportionment of the reserve acreage set aside pursuant to this subsection to farms receiving allotments which are inadequate because of an insufficient State or county acreage allotment or because rice was not planted on the farm during all of the preceding five years. Notwithstanding the foregoing provisions of this subsection, the reserve acreage set aside for the 1950 crop pursuant to this subsection shall not exceed one-half of 1 per centum and shall be in addition to the 1950 national acreage allotment as heretofore proclaimed by the Secretary and apportioned by him among the several rice-producing States and shall be available for apportionment to new farms without regard to the limitation contained in subsection (b) of this section.

(b) The State acreage allotment shall be apportioned to farms owned or operated by persons who have produced rice in the State in any one of the five calendar years immediately preceding the year for which such apportionment is made on the basis of past production of rice in the State by the producer on the farm taking into consideration the acreage allotments previously established in the State for such owners or operators; abnormal conditions affecting acreage; land, labor, and equipment available for the production of rice; crop rotation practices; and the soil and other physical factors affecting the production of rice: *Provided*, That if the State committee recommends such action and the Secretary determines that such action will facilitate the effective administration of the Act, he may provide for the apportionment of part or all of the State acreage allotment to farms on which rice has been produced during any one of such period of years on the basis of the foregoing factors, using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of rice by the producer and the acreage allotments previously established for such owners or operators: *Provided further*, That if the Secretary determines that part of the State acreage allotment shall be apportioned on the basis of past production of rice by the producer on the farm and part on the basis of the past production of rice on the farm, he shall divide the State into two administrative areas, to be designated "producer administrative area" and "farm administrative area", respectively, which areas shall be separated by a natural barrier which would prevent each area from being readily accessible to rice producers in one area for producing rice in the other area, and each such area shall be composed of whole counties. Not more than 3 per centum of the State acreage allotment shall be apportioned among farms operated by persons who will produce rice in the State during the calendar year for which the allotment is made but who have not produced rice in the State in any one of the past five years, on the basis of the applicable apportionment factors set forth herein: *Provided*, That in any State in which allotments are established for farms on the basis of past production of rice on the farm such percentage of the State acreage allotment shall be apportioned among the farms on which rice is to be planted during the calendar year for which the apportionment is made but on which rice was not planted during any of the past five years, on the basis of the applicable apportionment factors set forth herein. In determining the eligibility of any producer or farm for an allotment as an old producer or farm under the first sentence of

this subsection or as a new producer or farm under the second sentence of this subsection, such producer or farm shall not be considered to have produced rice on any acreage which under subsection (c) (2) is either not to be taken into account in establishing acreage allotments or is not to be credited to such producer. For purposes of this section in States which have been divided into administrative areas pursuant to this subsection the term "State acreage allotment" shall be deemed to mean that part of the State acreage allotment apportioned to each administrative area and the word "State" shall be deemed to mean "administrative area", wherever applicable.

(c) Notwithstanding any other provisions of this Act—

(1) If farm acreage allotments are established by using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of rice by the producer and the acreage allotments previously established for owners or operators, the State acreage allotment shall be apportioned among counties in the State on the same basis as the national acreage allotment is apportioned among the States and the county acreage allotments shall be apportioned to farms on the basis of the applicable factors set forth in subsection (b) of this section: *Provided*, That if the State is divided into administrative areas pursuant to subsection (b) of this section the allotment for each administrative area shall be determined by apportioning the State acreage allotment among counties as provided in this subsection and totaling the allotments for the counties in such area: *Provided*, That the State committee may reserve not to exceed 5 per centum of the State allotment, which shall be used to make adjustments in county allotments for trends in acreage and for abnormal conditions affecting plantings;

(2) Any acreage planted to rice in excess of the farm acreage allotment shall not be taken into account in establishing State, county, and farm acreage allotments.

In determining the past production of rice by producers on a farm for the purpose of establishing farm acreage allotments for the 1956 and subsequent crops, the acreage of rice on the farm for any year for which farm acreage allotments were in effect shall be divided among the producers thereon in the proportion in which they contributed to the farm acreage allotment.

(3) Each of the State acreage allotments for 1955 heretofore proclaimed by the Secretary shall be increased by 2 per centum or by such greater acreage as may be necessary to provide such State with an allotment equal to its 1950 allotment. In any State having county acreage allotments for 1955 (i) the increase in the State allotment shall be apportioned among counties in the State on the same basis as the State allotment was heretofore apportioned among the counties, but without regard to adjustments for trends in acreage, and (ii) the 1955 allotment for any county in which the 1950-1954 average planted plus diverted acreage of rice, adjusted for trends in acreage, exceeds the 1945-1949 average planted acreage of rice, similarly adjusted, by more than 2 per centum shall then be further increased by such additional acreage as may be necessary to provide such county with an allotment equal to its 1950 allotment. The increases in the



county acreage allotments and the increases in the State allotments, where county allotments are not determined, shall be used to establish farm acreage allotments which are fair and reasonable in relation to the applicable allotment factors specified in subsection (b) of this section and to correct inequities and prevent hardships.

(4) The reserve acreage made available for 1955 in any State for apportionment to farms operated by persons who have not produced rice during the preceding five years or on which rice has not been planted in the preceding five years shall not be less than five hundred acres; and the additional acreage necessary to provide such minimum reserve acreages shall be in addition to the National and State acreage allotments.

(5) Each of the State acreage allotments for 1956 heretofore proclaimed by the Secretary, after adding thereto any acreage apportioned to farms in the State from the reserve acreage set aside pursuant to subsection (a) of this section, shall be increased by such amount as may be necessary to provide such State with an allotment of not less than 85 per centum of its final allotment established for 1955. Any additional acreage required to provide such minimum allotment shall be additional to the national acreage allotment. In any State having county acreage allotments for 1956, the increase in the State allotment shall be apportioned among counties in the State on the same basis as the State allotment was heretofore apportioned among the counties, but without regard to adjustments for trends in acreage.

(6) The national acreage allotments of rice for 1957 and 1958 shall be not less than the national acreage allotment for 1956, including any acreage allotted under paragraph (5) of this subsection, and such national allotments for 1957 and 1958 shall be apportioned among the States in the same proportion that they shared in the total acreage allotted in 1956.

*(7) The national acreage allotments of rice for 1959, 1960, and 1961 shall be not less than the national acreage allotment for 1958, and such national allotments for 1959, 1960, and 1961 shall be apportioned among the States in the same proportion that they shared in the total acreage allotted in 1958.*

(d) The provisions of this part shall not apply to nonirrigated rice produced on any farm on which the acreage planted to nonirrigated rice does not exceed three acres or to rice produced outside the continental United States.

(e) Any part of the farm rice acreage allotment on which rice will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county receiving allotments in amounts determined by the county committee to be fair and reasonable on the basis of the past production of rice by the producers on the farm or the past production of rice on the farm, as the case may be; acreage allotments previously established for the farm or for the producers on the farm, as the case may be; abnormal conditions affecting acreage; land, labor, water, and equipment available for the production of rice; crop-rotation practices; and the soil and other physical factors affecting the production of rice.

Any allotment surrendered under this provision shall be regarded for the purposes of subsection (b) of this section as having been planted on the farm from which surrendered, except that this shall not operate to make the farm from which the allotment was surrendered eligible for an allotment as having rice planted thereon, or to make any producer thereon eligible for an allotment as having produced rice, during the five-year base period.

(f) Notwithstanding any other provision of this section, the acreage allotment established, or which would have been established, for a farm or any part thereof which is removed from agricultural production because of acquisition in 1955 or thereafter by any Federal, State, or other agency having a right of eminent domain shall be placed in an allotment pool and shall be used only to establish allotments for other farms owned or acquired by the owner of the farm or any part thereof so acquired by such agency: *Provided*, That such owner must make application therefor within three years after the end of the calendar year in which such farm or any part thereof was removed from agricultural production: *Provided further*, That the allotment so made for any farm, including a farm on which rice has not been planted to any of the five crops of rice preceding the crop for which the allotment is made, after taking into consideration the allotment acreage which was placed in the pool from the farm or any part thereof acquired from the applicant, shall be comparable with the allotments established for other farms in the same area which are similar except for the past acreage of rice.

#### MARKETING QUOTAS

Sec. 354. (a) Whenever in any calendar year the Secretary determines that the total supply of rice for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year by more than 10 per centum, the Secretary shall not later than December 31 of such calendar year proclaim such fact and marketing quotas shall be in effect for the crop of rice produced in the next calendar year.

(b) Within thirty days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum by secret ballot of farmers engaged in the production of the immediately preceding crop of rice to determine whether such farmers are in favor of or opposed to such quotas. If more than one-third of the farmers voting in the referendum oppose such quotas the Secretary shall, prior to the 15th day of February, proclaim the result of the referendum and such quotas shall become ineffective.

#### AMOUNT OF FARM MARKETING QUOTA

Sec. 355. The farm marketing quota for any crop of rice shall be the actual production of rice on the farm less the normal production of the acreage planted to rice on the farm in excess of the farm acreage allotment. The normal production from such excess acreage shall be known as the "farm marketing excess": *Provided*, That the farm marketing excess shall not be larger than the amount by which the actual production of rice on the farm exceeds the normal production



of the farm acreage allotment if the producer establishes such actual production to the satisfaction of the Secretary.

#### PENALTIES AND STORAGE

Sec. 356 (a) Whenever farm marketing quotas are in effect with respect to any crop of rice, the producer shall be subject to a penalty on the farm marketing excess at a rate per pound equal to 50 per centum of the parity price per pound for rice as of June 15 of the calendar year in which such crop is produced. Effective beginning with the 1958 crop, the rate of penalty on rice shall be 65 per centum of the parity price per pound for rice as of June 15 of the calendar year in which the crop is produced.

(b) The farm marketing excess of rice shall be regarded as available for marketing and the amount of penalty shall be computed upon the normal production of the acreage on the farm planted to rice in excess of the farm acreage allotment. If a downward adjustment in the amount of the farm marketing excess is made pursuant to the proviso in section 355, the difference between the amount of the penalty computed upon the farm marketing excess before such adjustment and as computed upon the adjusted marketing excess shall be returned to or allowed the producer.

(c) The person liable for payment or collection of the penalty shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

(d) Until the penalty on the farm marketing excess is paid, postponed, or avoided, as provided herein, all rice produced on the farm and marketed by the producer shall be subject to the penalty provided by this section and a lien on the entire crop of rice produced on the farm shall be in effect in favor of the United States.

(e) The penalty on the farm marketing excess on any crop of rice may be avoided or postponed by storage or by disposing of the commodity in such other manner, not inconsistent with the purposes of this Act, as the Secretary shall prescribe, including, in the discretion of the Secretary, delivery to Commodity Credit Corporation or any other agency within the Department. The Secretary shall issue regulations governing such storage or other disposition. Unless otherwise specified by the Secretary in such regulations, any quantity of rice so stored or otherwise disposed of shall be of those types and grades which are representative of the entire quantity of rice produced on the farm. Upon failure so to store or otherwise dispose of the farm marketing excess of rice within such time as may be determined under regulations prescribed by the Secretary, the penalty on such excess shall become due and payable. Any rice delivered to any agency of the Department pursuant to this subsection shall become the property of the agency to which delivered and shall be disposed of at the direction of the Secretary in a manner not inconsistent with the purposes of this Act.

(f) Subject to the provisions of subsection (g) of this section, the penalty upon the farm marketing excess stored pursuant to this section shall be paid by the producer at the time and to the extent of any depletion in the amount so stored except depletion resulting from some

cause beyond the control of the producer or from substitution of the commodity authorized by the Secretary.

(g) (1) If the planted acreage of the then current crop of rice for any farm is less than the farm acreage allotment, the amount of the commodity from any previous crop of rice stored to postpone or avoid payment of the penalty shall be reduced by an amount equal to the normal production of the number of acres by which the farm acreage allotment exceeds the acreage planted to rice.

(2) If the actual production of the acreage of rice on any farm on which the acreage of rice is within the farm acreage allotment is less than the normal production of the farm acreage allotment, the amount of rice from any previous crop stored to postpone or avoid payment of the penalty shall be reduced by an amount which, together with the actual production of the then current crop will equal the normal production of the farm acreage allotment: *Provided*, That the reduction under this paragraph shall not exceed the amount by which the normal production of the farm acreage allotment less any reduction made under paragraph (1) of this subsection is in excess of the actual production of the acreage planted to rice on the farm.

(h) Whenever, in any marketing year, marketing quotas are not in effect with respect to the crop of rice produced in the calendar year in which such marketing year begins, all marketing quotas applicable to previous crops of rice shall be terminated, effective as of the first day of such marketing year. Such termination shall not abate any penalty previously incurred by a producer or relieve any buyer of the duty to remit penalties previously collected by him.

#### PART VI—MARKETING QUOTAS—PEANUTS

##### LEGISLATIVE FINDINGS

SEC. 357. The production, marketing, and processing of peanuts and peanut products employs a large number of persons and is of national interest. The movement of peanuts from producer to consumer is preponderantly in interstate and foreign commerce, and, owing to causes beyond their control, the farmers producing such commodity and the persons engaged in the marketing and processing thereof are unable to regulate effectively the orderly marketing of the commodity. As the quantity of peanuts marketed in the channels of interstate and foreign commerce increases above the quantity of peanuts needed for cleaning and shelling, the prices at which all peanuts are marketed are depressed to low levels. These low prices tend to cause the quantity of peanuts available for marketing in later years to be less than normal, which in turn tends to cause relatively high prices. This fluctuation of prices and marketings of peanuts creates an unstable and chaotic condition in the marketing of peanuts for cleaning and shelling and for crushing for oil in the channels of interstate and foreign commerce. Since these unstable and chaotic conditions have existed for a period of years and are likely, without proper regulation, to continue to exist, it is imperative that the marketing of peanuts for cleaning and shelling and for crushing for oil in interstate and foreign commerce be regulated in order to protect producers, handlers, processors, and consumers.



## MARKETING QUOTAS

SEC. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years: *Provided*, That the national marketing quota established for the crop produced in the calendar year 1941 shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than one million six hundred and ten thousand acres, and that the national marketing quota established for any subsequent year shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than that established for the crop produced in the calendar year 1941.

(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within thirty days after the date on which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

(c) (1) The national acreage allotment for 1951, less the acreage to be allotted to new farms under subsection (f) of this section, shall be apportioned among the States on the basis of the larger of the following for each State: (a) The acreage allotted to the State as its share of the 1950 national acreage allotment of two million one hundred thousand acres, or (b) the State's share of two million one hundred thousand acres apportioned to States on the basis of the average acreage harvested for nuts in each State in the five years 1945-49: *Provided*, That any allotment so determined for any State which is less than the 1951 State allotment announced by the Secretary

prior to the enactment of this Act shall be increased to such announced allotment and the acreage required for such increases shall be in addition to the 1951 national acreage allotment and shall be considered in determining State acreage allotments in future years. For any year subsequent to 1951, the national acreage allotment for that year, less the acreage to be allotted to new farms under subsection (f) of this section, shall be apportioned among the States on the basis of their share of the national acreage allotment for the most recent year in which such apportionment was made.

(2) Notwithstanding any other provision of law, if the Secretary of Agriculture determines, on the basis of the average yield per acre of peanuts by types during the preceding five years, adjusted for trends in yields and abnormal conditions of production affecting yields in such five years, that the supply of any type or types of peanuts for any marketing year, beginning with the 1951-52 marketing year, will be insufficient to meet the estimated demand for cleaning and shelling purposes at prices at which the Commodity Credit Corporation may sell for such purposes peanuts owned or controlled by it, the State allotments for those States producing such type or types of peanuts shall be increased to the extent determined by the Secretary to be required to meet such demand but the allotment for any State may not be increased under this provision above the 1947 harvested acreage of peanuts for such State. The total increase so determined shall be apportioned among such States for distribution among farms producing peanuts of such type or types on the basis of the average acreage of peanuts of such type or types in the three years immediately preceding the year for which the allotments are being determined. The additional acreage so required shall be in addition to the national acreage allotment, the production from such acreage shall be in addition to the national marketing quota, and the increase in acreage allotted under this provision shall not be considered in establishing future State, county, or farm acreage allotments.

(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. The State acreage allotment for 1952 and any subsequent year shall be apportioned among farms on which peanuts were produced in any one of the 3 calendar years immediately preceding the year for which such apportionment is made, on the basis of the following: Past acreage of peanuts, taking into consideration the acreage allotments previously established for the farm; abnormal conditions affecting acreage; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts. Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm in succeeding years. The amount of the marketing quota for each farm shall be the actual production of the farm acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

(e) Notwithstanding the foregoing provisions of this section, the Secretary may, if the State committee recommends such action and



the Secretary determines that such action will facilitate the effective administration of the provisions of the Act, provide for the apportionment of the State acreage allotment for 1952 and any subsequent year among the counties in the State on the basis of the past acreage of peanuts harvested for nuts (excluding acreage in excess of farm allotments) in the county during the five years immediately preceding the year in which such apportionment is made, with such adjustments as are deemed necessary for abnormal conditions affecting acreage, for trends in acreage, and for additional allotments for types of peanuts in short supply under the provisions of subsection (c). The county acreage allotment shall be apportioned among farms on the basis of the factors set forth in subsection (d) of this section.

(f) Not more than one per centum of the national acreage allotment shall be apportioned among farms on which peanuts are to be produced during the calendar year for which the allotment is made but on which peanuts were not produced during any one of the past three years, on the basis of the following: Past peanut-producing experience by the producers; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts.

(g) Any part of the acreage allotted to individual farms under the provisions of this section on which peanuts will not be produced and which is voluntarily surrendered to the county committee shall be deducted from the allotments to such farms and may be reapportioned by the county committee to other farms in the same county receiving allotments, in amounts determined by the county committee to be fair and reasonable on the basis of land, labor, and equipment available for the production of peanuts, crop-rotation practices, and soil and other physical factors affecting the production of peanuts. Any transfer of allotments under this provision shall not operate to reduce the allotment for any subsequent year for the farm from which acreage is transferred, except as the farm becomes ineligible for an allotment by failure to produce peanuts during a three-year period, and any such transfer shall not operate to increase the allotment for any subsequent year for the farm to which the acreage is transferred: *Provided*, That, notwithstanding any other provisions of this Act, any part of any farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein.

(h) Notwithstanding any other provision of this section, the allotment determined or which would have been determined for any land which is removed from agricultural production in 1950 or any subsequent year for any purpose because of acquisition by any Federal, State, or other agency having a right of eminent domain shall be placed in a pool and shall be available for use in providing equitable allotments for farms owned or acquired by owners displaced because of acquisition of their farms by such agencies. Upon application to the county committee, within five years from the date of such acquisition of the farm, any owner so displaced shall be entitled to have an allotment for any other farm owned or acquired by him equal to an allotment which would have been determined for such other farm plus the allotment which would have been determined for the farm so acquired: *Provided*, That such allotment shall not exceed 50 per centum of the acreage of cropland on the farm.

The provisions of this section shall not be applicable if (a) there is any marketing quota penalty due with respect to the marketing of peanuts from the farm acquired by the Federal, State, or other agency or by the owner of the farm; (b) any peanuts produced on such farm have not been accounted for as required by the Secretary; or (c) the allotment next established for the farm acquired by the Federal, State, or other agency would have been reduced because of false or improper identification of peanuts produced on or marketed from such farm.

#### MARKETING PENALTIES

SEC. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty at a rate equal to 75 per centum of the support price for peanuts for the marketing year (August 1-July 31.) Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. Peanuts produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to account for the disposition of any peanuts, an amount of peanuts equal to the normal yield of the number of acres harvested in excess of the farm acreage allotment shall be deemed to have been marketed in excess of the marketing quota for the farm, and the penalty in respect thereof shall be paid and remitted by the producer. If any amount of peanuts produced on one farm is falsely identified by a representation that such peanuts were produced on another farm, the acreage allotments next established for both such farms shall be reduced by that percent-



age which such amount was of the respective farm marketing quotas, except that such reduction for any such farm shall not be made if the Secretary through the local committees finds that no person connected with such farm caused, aided, or acquiesced in such marketing; and if proof of the disposition of any amount of peanuts is not furnished as required by the Secretary, the acreage allotment next established for the farm on which such peanuts are produced shall be reduced by a percentage similarly computed. Notwithstanding any other provisions of this title, no refund of any penalty shall be made because of peanuts kept on the farm for seed or for home consumption.

(b) The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.

(c) The word "peanuts" for the purposes of this Act shall mean all peanuts produced, excluding any peanuts which it is established by the producer or otherwise, in accordance with regulations of the Secretary, were not picked or threshed either before or after marketing from the farm, or were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts.

(d) The person liable for payment or collection of the penalty provided by this section shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

(e) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to marketing quotas in which the person liable for payment of the penalty has an interest shall be in effect in favor of the United States.

## SUBTITLE C—ADMINISTRATIVE PROVISIONS

### PART I—PUBLICATION AND REVIEW OF QUOTAS

#### APPLICATION OF PART

SEC. 361. This part shall apply to the publication and review of farm marketing quotas established for tobacco, [corn] *feed grains*, wheat, cotton, peanuts, and rice, established under subtitle B.

#### PUBLICATION AND NOTICE OF QUOTA

SEC. 362. All acreage allotments, and the farm marketing quotas established for farms in a county or other local administrative area shall, in accordance with regulations of the Secretary, be made and kept freely available for public inspection in such county or other local administrative area. An additional copy of this information shall be kept available in the office of the county agricultural extension agent or with the chairman of the local committee. Notice of the farm marketing quota of his farm shall be mailed to the farmer. Notice of the farm acreage allotment established for each farm shown by the records of the county committee to be entitled to such allotment shall insofar as practicable be mailed to the farm operator in sufficient time to be received prior to the date of the referendum.

## REVIEW BY REVIEW COMMITTEE

SEC. 363. Any farmer who is dissatisfied with his farm marketing quota may, within fifteen days after mailing to him of notice as provided in section 362, have such quota reviewed by a local review committee composed of three farmers from the same or nearby counties appointed by the Secretary. Such committee shall not include any member of the local committee which determined the farm acreage allotment, the normal yield, or the farm marketing quota for such farm. Unless application for review is made within such period, the original determination of the farm marketing quota shall be final.

## REVIEW COMMITTEE

SEC. 364. The members of the review committee shall receive as compensation for their services the same per diem as that received by the members of the committee utilized for the purposes of the Soil Conservation and Domestic Allotment Act, as amended. The members of the review committee shall not be entitled to receive compensation for more than thirty days in any one year.

## INSTITUTION OF PROCEEDINGS

SEC. 365. If the farmer is dissatisfied with the determination of the review committee, he may, within fifteen days after a notice of such determination is mailed to him by registered mail, file a bill in equity against the review committee as defendant in the United States district court, or institute proceedings for review in any court of record of the State having general jurisdiction, sitting in the county or the district in which his farm is located, for the purpose of obtaining a review of such determination. Bond shall be given in an amount and with surety satisfactory to the court to secure the United States for the costs of the proceeding. The bill of complaint in such proceeding may be served by delivering a copy thereof to any one of the members of the review committee. Thereupon the review committee shall certify and file in the court a transcript of the record upon which the determination complained of was made, together with its findings of fact.

## COURT REVIEW

SEC. 366. The review by the court shall be limited to questions of law, and the findings of fact by the review committee, if supported by evidence, shall be conclusive. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the review committee, the court may direct such additional evidence to be taken before the review committee in such manner and upon such terms and conditions as to the court may seem proper. The review committee may modify its findings of fact or its determination by reason of the additional evidence so taken, and it shall file with the court such modified findings or determination, which findings of fact shall be conclusive. At the earliest convenient time, the court, in term time or vacation, shall hear and determine the case



upon the original record of the hearing before the review committee, and upon such record as supplemented, if supplemented, by further hearing before the review committee pursuant to direction of the court. The court shall affirm the review committee's determination, or modified determination, if the court determines that the same is in accordance with law. If the court determines that such determination or modified determination is not in accordance with law, the court shall remand the proceeding to the review committee with direction either to make such determination as the court shall determine to be in accordance with law or to take such further proceedings as, in the court's opinion, the law requires.

#### STAY OF PROCEEDINGS AND EXCLUSIVE JURISDICTION

SEC. 367. The commencement of judicial proceedings under this Part shall not, unless specifically ordered by the court, operate as a stay of the review committee's determination. Notwithstanding any other provision of law, the jurisdiction conferred by this Part to review the legal validity of a determination made by a review committee pursuant to this Part shall be exclusive. No court of the United States or of any State shall have jurisdiction to pass upon the legal validity of any such determination except in a proceeding under this Part.

#### NO EFFECT ON OTHER QUOTAS

SEC. 368. Notwithstanding any increase of any farm marketing quota for any farm as a result of review of the determination thereof under this Part, the marketing quotas for other farms shall not be affected.

### PART II—ADJUSTMENT OF QUOTAS AND ENFORCEMENT

#### GENERAL ADJUSTMENTS OF QUOTAS

SEC. 371. (a) If at any time the Secretary has reason to believe that in the case of [corn,] *feed grains*, wheat, cotton, rice, peanuts, or tobacco the operation of farm marketing quotas in effect will cause the amount of such commodity which is free of marketing restrictions to be less than the normal supply for the marketing year for the commodity then current, he shall cause an immediate investigation to be made with respect thereto. In the course of such investigation due notice and opportunity for hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith. He shall also in such proclamation specify such increase in, or termination of, existing quotas as he finds, on the basis of such investigation, is necessary to make the amount of such commodity which is free of marketing restrictions equal the normal supply.

(b) If the Secretary has reason to believe that, because of a national emergency or because of a material increase in export demand, any national acreage allotment for [corn] *feed grains* or any national marketing quota or acreage allotment for wheat, cotton, rice, peanuts, or tobacco should be increased or terminated, he shall cause an im-

mediate investigation to be made to determine whether the increase or termination is necessary in order to effect the declared policy of this Act, or to meet such emergency or increase in export demand. If, on the basis of such investigation, the Secretary finds that such increase or termination is necessary, he shall immediately proclaim such finding (and if he finds an increase is necessary, the amount of the increase found by him to be necessary) and thereupon such quota or allotment shall be increased, or shall terminate, as the case may be.

(c) In case any national marketing quota or acreage allotment for any commodity is increased under this section, each farm marketing quota or acreage allotment for the commodity shall be increased in the same ratio.

(d) (Repealed by 68 Stat. 905.)

#### PAYMENT AND COLLECTION OF PENALTIES

SEC. 372. (a) The penalty with respect to the marketing, by sale, of wheat, cotton, *feed grains*, or rice, if the sale is to any person within the United States, shall be collected by the buyer.

(b) All penalties provided for in Subtitle B shall be collected and paid in such manner, at such times, and under such conditions as the Secretary may by regulations prescribe. Such penalties shall be remitted to the Secretary by the person liable for the penalty, except that if any other person is liable for the collection of the penalty, such other person shall remit the penalty. The amount of such penalties shall be covered into the general fund of the Treasury of the United States.

(c) Whenever, pursuant to a claim filed with the Secretary within two years after payment to him of any penalty collected from any person pursuant to this Act, the Secretary finds that such penalty was erroneously, illegally, or wrongfully collected and that the claimant bore the burden of the payment of such penalty, the Secretary shall certify to the Secretary of the Treasury for payment to the claimant, in accordance with regulations prescribed by the Secretary of the Treasury, such amount as the Secretary finds the claimant is entitled to receive, as a refund of such penalty.

Notwithstanding any other provision of law, the Secretary is authorized to prescribe by regulations for the identification of farms and it shall be sufficient to schedule receipts into special deposit accounts or to schedule such receipts for transfer therefrom, or directly, into the separate fund provided for in subsection (b) hereof by means of such identification without reference to the names of the producers on such farms.

The Secretary is authorized to prescribe regulations governing the filing of such claims and the determination of such refunds.

(d) No penalty shall be collected under this Act with respect to the marketing of any agricultural commodity grown for experimental purposes only by any publicly owned agricultural experiment station.

#### REPORTS AND RECORDS

SEC. 373. (a) This subsection shall apply to warehousemen, processors, and common carriers of [corn,] *feed grains*, wheat, cotton, rice, peanuts, or tobacco, and all ginneries of cotton, all persons engaged in



the business of purchasing [corn.] *feed grains*, wheat, cotton, rice, peanuts, or tobacco from producers, all persons engaged in the business of redrying, prizing, or stemming tobacco for producers, all brokers and dealers in peanuts, all agents marketing peanuts for producers, or acquiring peanuts for buyers and dealers, and all peanut growers' cooperative associations, all persons engaged in the business of cleaning, shelling, crushing, and salting of peanuts and the manufacture of peanut products, and all persons owning or operating peanut-picking or peanut-threshing machines. Any such person shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents and memoranda as he has reason to believe are relevant and are within the control of such persons. Any such person failing to make any report or keep any record as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500; and any tobacco warehouseman or dealer who fails to remedy such violation by making a complete and accurate report or keeping a complete and accurate record as required by this subsection within fifteen days after notice to him of such violation shall be subject to an additional fine of \$100 for each ten thousand pounds of tobacco, or fraction thereof, bought or sold by him after the date of such violation: *Provided*, That such fine shall not exceed \$5,000; and notice of such violation shall be served upon the tobacco warehouseman or dealer by mailing the same to him by registered mail or by posting the same at any established place of business operated by him, or both.

(b) Farmers engaged in the production of [corn.] *feed grains*, wheat, cotton, rice, peanuts, or tobacco for market shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as the Secretary may prescribe as necessary for the administration of this title.

(c) All data reported to or acquired by the Secretary pursuant to this section shall be kept confidential by all officers and employees of the Department, and only such data so reported or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing under this title.

#### MEASUREMENT OF FARMS AND REPORT OF PLANTINGS

SEC. 374. (a) The Secretary shall provide, through the county and local committees, for measuring farms on which [corn.] *feed grains*, wheat, cotton, peanuts or rice is produced and for ascertaining whether the acreage planted for any year to any such commodity is in excess of the farm acreage allotment for such commodity for

the farm under this title. If in the case of any farm the acreage planted to any such commodity on the farm is in excess of the farm acreage allotment for such commodity for the farm, the committee shall file with the State committee a written report stating the total acreage on the farm in cultivation and the acreage planted to such commodity.

(b) With respect to cotton, the Secretary, upon such terms and conditions as he may by regulation prescribe, shall provide, through the county and local committees for the measurement prior to planting of an acreage on the farm equal to the farm acreage allotment if so requested by the farm operator, and any farm on which the acreage planted to cotton does not exceed such measured acreage shall be deemed to be in compliance with the farm acreage allotment. The Secretary shall similarly provide for the remeasurement upon request by the farm operator of the acreage planted to cotton on the farm, but the operator shall be required to reimburse the local committee for the expense of such remeasurement if the planted acreage is found to be in excess of the allotted acreage.

(c) If the acreage determined to be planted to any basic agricultural commodity or *feed grains* on the farm is in excess of the farm acreage allotment, the Secretary shall by appropriate regulations provide for a reasonable time prior to harvest within which such planted acreage may be adjusted to the farm acreage allotment.

#### REGULATIONS

SEC. 375. (a) The Secretary shall provide by regulations for the identification, wherever necessary, of [corn,] *feed grains*, wheat, cotton, rice, peanuts, or tobacco so as to afford aid in discovering and identifying such amounts of the commodities as are subject to and such amounts thereof as are not subject to marketing restrictions in effect under this title.

(b) The Secretary shall prescribe such regulations as are necessary for the enforcement of this title.

#### COURT JURISDICTION

SEC. 376. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this title. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this title. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

SEC. 377. In any case in which, during any year within the period 1956 to 1959, inclusive, for which acreage planted to a commodity on any farm is less than the acreage allotment for such farm, the entire acreage allotment for such farm (excluding any allotment released from the farm or reapportioned to the farm) shall be considered for purposes of future State, county, and farm acreage allotments to have been planted to such commodity in such year on such farm, but the 1956 acreage allotment of any commodity shall be regarded as planted under this section only if the owner or operator of such farm notified



the county committee prior to the sixtieth day preceding the beginning of the marketing year for such commodity of his desire to preserve such allotment. Acreage history credits for released or reapportioned acreage shall be governed by the applicable provisions of this title pertaining to the release and reapportionment of acreage allotments. This section shall not be applicable in any case in which the amount of the commodity required to be stored to postpone or avoid payment of penalty has been reduced because the allotment was not fully planted.

*Sec. 378. (a) Notwithstanding any other provision of this Act, the allotment determined for any commodity for any land from which the owner is displaced because of acquisition of the land for any purpose by any Federal, State, or other agency having the right of eminent domain shall be placed in an allotment pool and shall be available only for use in providing allotments for other farms owned by the owner so displaced. Upon application to the county committee, within three years after the date of such displacement, or three years after the enactment of this Act, whichever period is longer, any owner so displaced shall be entitled to have established for other farms owned by him allotments which are comparable with allotments determined for other farms in the same area which are similar except for the past acreage of the commodity, taking into consideration the land, labor, and equipment available for the production of the commodity, crop-rotation practices, and the soil and other physical factors affecting the production of the commodity: Provided, That the acreage used to establish or increase the allotments for such farms shall be transferred from the pool and shall not exceed the allotment most recently established for the farm acquired from the applicant and placed in the pool. During the period of eligibility for the making of allotments under this section for a displaced owner, acreage allotments for the farm from which the owner was so displaced shall be established in accordance with the procedure applicable to other farms, and such allotments shall be considered to have been fully planted. After such allotment is made under this section, the proportionate part, or all, as the case may be, of the past acreage used in establishing the allotment most recently placed in the pool for the farm from which the owner was so displaced shall be transferred to and considered for the purposes of future State, county, and farm acreage allotments to have been planted on the farm to which allotment is made under this section. Except where paragraph (c) requires the transfer of allotment to another portion of the same farm, for the purpose of this section (1) that part of any farm from which the owner is so displaced and that part from which he is not so displaced shall be considered as separate farms; and (2) an owner who voluntarily relinquishes possession of the land subsequent to its acquisition by an agency having the right of eminent domain shall be considered as having been displaced because of such acquisition.*

*(b) The provisions of this section shall not be applicable if (1) there is any marketing quota penalty due with respect to the marketing of the commodity from the farm acquired by the Federal, State, or other agency or by the owner of the farm; (2) any of the commodity produced on such farm has not been accounted for as required by the Secretary; or (3) the allotment next established for the farm*

acquired by the Federal, State, or other agency would have been reduced because of false or improper identification of the commodity produced on or marketed from such farm or due to a false acreage report.

(c) This section shall not be applicable, in the case of cotton, tobacco, and peanuts, to any farm from which the owner was displaced prior to 1950, in the case of wheat and corn, to any farm from which the owner was displaced prior to 1954, and in the case of rice, to any farm from which the owner was displaced prior to 1955. In any case where the cropland acquired for nonfarming purposes from an owner by an agency having the right of eminent domain represents less than 15 per centum of the total cropland on the farm, the allotment attributable to that portion of the farm so acquired shall be transferred to that portion of the farm not so acquired.

(d) Sections 313 (h), 334 (d), 344 (h), and 358 (h) of the Agricultural Adjustment Act of 1938, as amended, are repealed, but any transfer or reassignment of allotment heretofore made under the provisions of these sections shall remain in effect, and any displaced farm owner for whom an allotment has been established under such repealed sections shall not be eligible for additional allotment under subsection (a) of this section because of such displacement.

#### SUBTITLE D—DOMESTIC PARITY PLAN FOR WHEAT

##### LEGISLATIVE FINDINGS

SEC. 379a. Wheat, in addition to being a basic food, is one of the great export crops of American agriculture and its production for domestic consumption and for export is essential to the maintenance of a sound national economy and to the general welfare. The movement of wheat from producer to consumer, in the form of the commodity or any of the products thereof, is preponderantly in interstate and foreign commerce. That small percentage of wheat which is produced and consumed within the confines of any State is normally commingled with, and always bears a close and intimate commercial and competitive relationship to, that quantity of such commodity which moves in interstate and foreign commerce. For this reason, any regulation of intrastate commerce in wheat is a regulation of commerce which is in competition with, or which otherwise affects, obstructs, or burdens interstate commerce in that commodity. In order to provide an adequate and balanced flow of wheat in interstate and foreign commerce and thereby assist farmers in obtaining parity of income by marketing wheat for domestic consumption at parity prices and by increased exports at world prices, and to assure consumers an adequate and steady supply of wheat at fair prices, it is necessary to regulate all commerce in wheat in the manner provided under the marketing certificate plan set forth in this subtitle.

##### DOMESTIC FOOD QUOTA

SEC. 379b. Not later than May 15 of each calendar year the Secretary shall determine and proclaim the domestic food quota for wheat for the marketing year beginning in the next calendar year. Such domestic food quota shall be that number of bushels of wheat which the



*Secretary determines will be consumed as human food in the continental United States during such marketing year.*

#### APPORTIONMENT OF DOMESTIC FOOD QUOTA

*SEC. 379c. (a) The domestic food quota for wheat, less a reserve of not to exceed 1 per centum thereof for apportionment as provided in this subsection, shall be apportioned by the Secretary among the several States on the basis of the State acreage allotment of wheat for the year for which the domestic food quota is determined multiplied by the average yield per acre of wheat for the State during such ten-year period, adjusted for abnormal weather conditions and for trends in yields. The reserve quota set aside herein for apportionment by the Secretary shall be used to establish quotas for counties, in addition to the county quotas established under subsection (b) of this section, on the basis of the relative needs of counties for additional quota because of reclamation and other new areas coming into the production of wheat during the five calendar years immediately preceding the calendar year in which the quota is proclaimed.*

*(b) The State domestic food quota for wheat, less a reserve of not to exceed 3 per centum thereof for apportionment as provided in subsection (c), shall be apportioned by the Secretary among the counties in the State on the basis of the county acreage allotment of wheat for the year for which such State quota is determined multiplied by the normal yield of wheat for the county for such year.*

*(c) The county domestic food quota for wheat shall be apportioned by the Secretary, through the local committees, among the farms within the county on which wheat has been seeded for the production of wheat during any one or more of the three calendar years immediately preceding the calendar year in which the marketing year for which the quota is proclaimed begins, on the basis of the farm acreage allotment for the year for which the quota is proclaimed multiplied by the farm normal yield of wheat for such year. The reserve provided under subsection (b) shall be apportioned to farms for which new wheat acreage allotments are determined under the second sentence of section 334 (c) of this Act, as amended, on the basis of the farm acreage allotment for such year multiplied by the farm normal yield of wheat for such year.*

#### MARKETING CERTIFICATES

*SEC. 379d. (a) Beginning with the first crop of wheat for which a marketing certificate program is placed in effect under section 379j, the Secretary shall prepare for issuance in each county marketing certificates aggregating the amount of the county domestic food quota. Such certificates shall be issued to cooperators in an amount equal to the domestic food quota established for the farm pursuant to the applicable provisions of section 379c of this Act. The marketing certificates for a farm shall be issued to the farm operator, but the Secretary may authorize the issuance of marketing certificates to individual producers on any farm on the basis of their respective shares in the wheat crop, or the proceeds thereof, produced on the farm. The Secretary shall also issue and sell marketing certificates to processors and importers in such quantities as are required by them in order to meet the requirements of subsections (a) and (b) of section 379e. Mar-*

*keting certificates shall be transferable only in accordance with regulations issued by the Secretary.*

*(b) Whenever a domestic food quota is proclaimed for any marketing year pursuant to section 379b of this Act, the Secretary shall determine and proclaim for such marketing year (1) the estimated parity price, (2) the estimated farm price for wheat, and (3) the value per bushel of the marketing certificate. The value of the marketing certificate shall be equal to the amount by which the estimated parity price exceeds the estimated farm price as determined herein. The value of each marketing certificate shall be computed to the nearest cent by multiplying the value per bushel by the number of bushels thereof. Except as otherwise provided herein, the value of the certificate so determined shall remain constant and shall remain in effect throughout the marketing year for which it is issued. The proclamation required by this subsection shall be made during the month of May immediately preceding the marketing year for which such domestic food quota is proclaimed.*

*(c) The Secretary is authorized and directed through the Commodity Credit Corporation to buy and sell marketing certificates issued for any marketing year at the value proclaimed pursuant to subsection (b) of this section. For the purpose of facilitating the purchase and sale of certificates, the Secretary may establish and operate a pool or pools and he may also authorize public and private agencies to act as his agents, either directly or through the pool or pools. Certificates shall be valid to cover sales and importations of products made during the marketing year with respect to which they are issued and after being once used to cover such sales and importations shall be canceled by the Secretary. Any unused certificates shall be redeemed by the Secretary at the price established for such certificates.*

#### MARKETING RESTRICTIONS

*SEC. 379e. (a) Beginning with the first day of the marketing year in which the first crop of wheat for which a marketing certificate program is placed in effect under section 379j would normally be marketed, and except as provided in subsection (d) hereof, all persons engaged in the processing of wheat into food products composed wholly or partly of wheat are hereby prohibited from marketing any such product for domestic food consumption or export containing wheat in excess of the quantity for which marketing certificates issued pursuant to section 379d of this Act have been acquired by such person. The quantity of such marketing certificates acquired shall be equivalent to the number of bushels of wheat processed into food products.*

*(b) Beginning with the first day of the marketing year in which the first crop of wheat for which a marketing certificate program is placed in effect under section 379j would normally be marketed and except as provided in subsection (d) hereof, all persons are hereby prohibited from importing or bringing into the continental United States any food products containing wheat in excess of the quantity for which marketing certificates issued pursuant to section 379d of this Act have been acquired by such person.*



(c) Upon the exportation from the continental United States of any food product containing wheat, with respect to which marketing certificates as required herein have been acquired, the Secretary shall pay to the exporter an amount equal to the value of the certificates for the quantity of wheat so exported in the food product. For the purposes of this subsection, the consignor named in the bill of lading, under which the article is exported, shall be considered the exporter: Provided, however, That any other person may be considered to be the exporter if the consignor named in the bill of lading waives claim in favor of such other person.

(d) Upon the giving of a bond satisfactory to the Secretary under such rules and regulations as he shall prescribe to secure the purchase of and payment for such marketing certificates as may be required, any person required to have a marketing certificate in order to market or import a food product composed wholly or partly of wheat may market or import any such commodity without having first acquired a marketing certificate.

(e) As used in this section, (1) the term "marketing" means the sale and the delivery of the food product composed wholly or partly of wheat, and (2) the term "food" means human food.

#### CONVERSION FACTORS

SEC. 379f. The Secretary shall ascertain and establish conversion factors showing the amount of wheat contained in food products processed wholly or partly from wheat. The conversion factor for any such product shall be determined upon the basis of the weight of wheat used in the processing of such product.

#### CIVIL PENALTIES

SEC. 379g. Any person who violates or attempts to violate, or who participates or aids in the violation of, any of the provisions of subsection (a) or (b) of section 379e of this Act shall forfeit to the United States a sum equal to three times the market value, at the time of the commission of such act, of the product involved in such violation. Such forfeiture shall be recoverable in a civil suit brought in the name of the United States.

#### ADJUSTMENTS IN DOMESTIC FOOD QUOTAS

SEC. 379h. If the Secretary has reason to believe that because of a national emergency or because of an unusual and material increase in demand for wheat, the domestic food quota for wheat should be increased or suspended, he shall cause an immediate investigation to be made to determine whether the increase or suspension is necessary in order to meet such emergency or increase in the demand for wheat. If, on the basis of such investigation, the Secretary finds that such increase or suspension is necessary, he shall immediately proclaim such finding (and if he finds an increase is necessary, the amount of the increase found by him to be necessary) and thereupon such quotas shall be increased or shall be suspended, as the case may be. In case any domestic food quota for wheat is increased under this section, each

*farm quota for wheat shall be increased in the same ratio and marketing certificates shall be issued therefor in accordance with section 379d of this Act. In case any domestic food quota for wheat is increased or suspended under this section, the Secretary may redetermine the value of marketing certificates prior to the issuance of such certificates pursuant to section 379d of this Act.*

#### REPORTS AND RECORDS

*SEC. 379i. (a) The provisions of section 373 (a) of this Act shall apply to all persons, except wheat producers, who are subject to the provisions of this subtitle, except that any such person failing to make any report or keep any record as required by this section or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$2,000 for each such violation.*

*(b) The provisions of section 373 (b) of the Act shall apply to all wheat farmers who are subject to the provisions of this subtitle.*

#### REFERENDUM

*SEC. 379j. In any referendum held pursuant to section 336 of this Act on the national marketing quota proclaimed for the 1959, 1960, or 1961 crops of wheat, the Secretary shall also submit on separate ballots the question whether farmers favor a marketing certificate program under this subtitle in lieu of marketing quotas under subtitle B. If more than one-half of the farmers voting in the referendum favor such marketing certificate program, the Secretary shall prior to the effective date of the national marketing quota proclaimed under subtitle B, suspend the operation of such quota and place into effect a marketing certificate program for that crop and any subsequent wheat crops harvested in the years 1959, 1960, and 1961 under the provisions of this subtitle, in which event marketing quotas and the provisions of title II of this Act relating thereto, except as otherwise provided in this section, shall not thereafter be in effect for such crops of wheat: Provided, That, whenever a marketing certificate program is in effect, the wheat marketing quota provisions and penalties shall remain in effect with respect to prior crops of wheat in the same manner as if marketing quotas were in effect for the current crop of wheat, and the Secretary may, by regulation, prescribe the method for collecting penalties on any such wheat.*

#### PRICE SUPPORT

*SEC. 379k. Notwithstanding any other provision of law—*

*(a) whenever a wheat marketing certificate program under this subtitle is in effect, price support for wheat shall be determined in accordance with the provisions of subsection (b) of this section;*

*(b) the Secretary of Agriculture is authorized to make available through loans, purchases, or other operations, price support to producers of wheat who are cooperators. The amount, terms, conditions, and extent of such price-support operations shall be determined by the Secretary, except that the level of such support*



*shall be determined after taking into consideration the following factors: (1) the supply of the commodity in relation to the demand therefor, (2) the price levels at which corn and other feed grains are being supported and the feed value of such grains in relation to wheat, (3) the provisions of any international agreement approved by the Congress or ratified by the Senate relating to wheat to which the United States is a party, (4) foreign trade policies of friendly wheat exporting countries, and (5) other factors affecting international trade in wheat including exchange rates and currency regulations;*

*(c) compliance by the producer with acreage allotments may be prescribed and required by the Secretary as a condition of eligibility for price support and for the receipt of wheat marketing certificates. Acreage allotments shall be established in accordance with the provisions of subtitle B, part III of this Act;*

*(d) notwithstanding any other provisions of law, no producer of wheat shall receive certificates for a number of bushels in excess of the number obtained by multiplying the acreage actually planted to wheat for harvest as grain by the normal yield;*

*(e) any farmer who is dissatisfied with his farm acreage allotment may have such acreage allotment reviewed in accordance with the procedures prescribed by sections 363 to 368, inclusive, for reviewing marketing quotas.*

#### SUBTITLE [D] E—RICE CERTIFICATES

##### LEGISLATIVE FINDINGS

SEC. 380a. The movement of rice from producer to consumer is preponderantly in interstate and foreign commerce, and the small quantity of rice which does not move in interstate or foreign commerce affects such commerce. In order to provide an adequate and balanced flow of rice in interstate and foreign commerce and to assure consumers an adequate and steady supply of rice at fair prices it is necessary to regulate all commerce in rice in the manner provided in this subtitle. These findings are supplemental to and in addition to the findings contained in section 351 of this Act.

##### EFFECTIVE DATE AND TERMINATION

SEC. 380b. Sections 380c through 380g (c) shall be effective beginning with the first crop of rice, subsequent to the 1956 crop and prior to the 1959 crop, for which the Secretary determines and proclaims that the initiation of a program under this subtitle is administratively feasible and in the best interests of rice producers and the United States. Unless extended by law, the provisions of this subtitle shall not apply to rice of any crop following the second crop for which a program is in effect under sections 380c and 380g (c).

##### RICE PRIMARY MARKET QUOTA

SEC. 380c. Not later than December 31 of each year, the Secretary shall determine and proclaim the primary market quota for rice for the marketing year beginning in the next calendar year. The primary market quota shall be the number of hundredweights of rice (on

a rough rice basis) which the Secretary determines will be consumed in the United States (including its Territories and possessions and the Commonwealth of Puerto Rico) or exported to Cuba, during such marketing year. In making this determination the Secretary shall consider the historical consumption in these markets of rice produced in the United States and any expected enlargement in such consumption predicated upon population trends, increased per capita consumption, and other relevant factors.

#### APPORTIONMENT OF PRIMARY MARKET QUOTA

SEC. 380d. (a) The primary market quota for rice shall be apportioned by the Secretary among the several States on the basis of the average yield per acre of rice in each State during the three years immediately preceding the year for which the quota is proclaimed (or in the case of the apportionment for 1957, during the two years preceding such year) multiplied by the acreage allotment of such State for such year.

(b) The State primary market quota shall be apportioned by the Secretary among farms on the basis of the acreage allotment established for each farm multiplied by the normal yield per acre for the farm.

#### REVIEW OF PRIMARY MARKET QUOTA

SEC. 380e. Notice of the primary market quota shall be mailed to the operator of the farm to which such quota applies. The farm operator may have such quota reviewed in accordance with the provisions of sections 363 to 368, inclusive, of this Act.

#### PRICE SUPPORT

SEC 380f. (a) Notwithstanding any other provision of law, the Commodity Credit Corporation shall make price support available to cooperators through loans, purchases, or other operations on any crop of rice for which a program is in effect under sections 380c through 380g (c) at such level, not less than 50 per centum or more than 90 per centum of the parity price therefor, as the Secretary determines will not discourage or prevent the exportation of rice produced in the United States.

(b) Section 101 of the Agricultural Act of 1949, as amended, shall not apply to price support made available on rice of any crop to which this section is applicable, but all the other provisions of such Act, to the extent not inconsistent with this subtitle, shall apply to price support operations carried out under this section.

#### CERTIFICATES

SEC. 380g. (a) The Secretary of Agriculture shall for each marketing year issue certificates to cooperators for a quantity of rice equal to the primary marketing quota for the farm for such marketing year, but not exceeding the normal yield of the acreage planted to rice on the farm. The certificate shall have the value specified in subsection (e) of this section.

(b) The landlord, tenants, and sharecroppers on the farm shall share in the certificates issued with respect to the farm in the same



proportion as they share in the rice produced on the farm or the proceeds therefrom.

(c) The provisions of section 385 of this Act shall be applicable to certificates issued to producers under this section.

(d) The Commodity Credit Corporation shall issue and sell certificates to persons engaged in the processing of rough rice or the importing of processed rice. Each such certificate shall be sold for an amount equal to the value thereof, as specified in subsection (e) of this section.

(e) The value of each certificate issued under this section shall be equal to the difference between 90 per centum of the parity price of rice as of the beginning of the marketing year for which the certificate is issued and the level of price support for rice which is in effect during such marketing year, calculated to the nearest cent, multiplied by the quantity of rice for which the certificate is issued. Any certificates not used to cover the processing of rice or the importation of processed rice pursuant to sections 380k and 380l of this Act shall be redeemed by the Commodity Credit Corporation at the value thereof.

#### INVENTORY ADJUSTMENT PAYMENTS

SEC. 380h. To facilitate the transition from the price support program currently in effect to the program provided for in this subtitle, the Commodity Credit Corporation shall make inventory adjustment payments to all persons owning rough rice located in the continental United States as of the beginning of the marketing year for the first crop of rice for which a program is in effect under sections 380c through 380g (c): *Provided, however,* That such payments shall not be made with respect to rice of such crop, imported rice, or rice acquired from Commodity Credit Corporation. The amount of such payment per hundredweight shall be the amount by which the estimated average price paid producers during the marketing year for the preceding crop exceeds the estimated average support price for the first crop for which a program is made effective. There are hereby authorized to be appropriated such sums as may be necessary to make payment to Commodity Credit Corporation for expenditures pursuant to this section.

#### RICE SET-ASIDE

SEC. 380i. All rough and processed rice in the inventories of Commodity Credit Corporation as of sixty days after the beginning of the marketing year for the first crop for which a program is in effect under sections 380c through 380g (c), not exceeding twenty million hundredweight of rough rice or its equivalent in processed rice may be transferred to and be made a part of the commodity set-aside of rice established pursuant to section 101 of the Agricultural Act of 1954.

#### EXEMPTIONS

SEC. 380j. The provisions of this subtitle shall not apply to non-irrigated rice produced on any farm on which the acreage planted to nonirrigated rice does not exceed three acres, and the provisions of sections 380c through 380g (c) shall not apply to rice produced in Puerto Rico or Hawaii.

## PROCESSING RESTRICTIONS

SEC. 380k. (a) Each person who on or after the beginning of the marketing year for the first crop for which a program is in effect under sections 380c through 380g (c), engages in the processing of rough rice in the United States shall, upon processing any quantity of rough rice, acquire certificates issued under section 380g of this Act in an amount sufficient to cover such quantity of rough rice.

(b) The requirements of subsection (a) of this section shall not be applicable to the processing in Puerto Rico or Hawaii of rough rice grown in Puerto Rico or Hawaii, respectively.

(c) Upon the exportation from the United States to any country other than Cuba of any processed rice with respect to which certificates were acquired in accordance with the requirements of subsection (a) of this section or section 380l, the Commodity Credit Corporation shall pay to the exporter an amount equal to the value of the certificates for the rough rice equivalent of such processed rice.

## IMPORT RESTRICTIONS

SEC. 380l. Each person who, on or after the beginning of the marketing year for the first crop for which a program is in effect under sections 380c through 380g (c), imports processed rice into the United States shall acquire certificates issued under section 380g of this Act covering the rough rice equivalent of such processed rice.

## REGULATIONS

SEC. 380m. The Secretary shall prescribe regulations governing the issuance, redemption, acquisition, use, transfer, and disposition of certificates hereunder.

## CIVIL PENALTIES

SEC. 380n. Any person who violates or attempts to violate, or who participates or aids in the violation of, any of the provisions of sections 380k or 380l of this Act, or regulations prescribed by the Secretary for the enforcement of such provisions, shall forfeit to the United States a sum equal to three times the market value, at the time of the commission of such act, of the product involved in such violation. Such forfeiture shall be recoverable in a civil suit brought in the name of the United States.

## REPORTS AND RECORDS

SEC. 380o. (a) The provisions of section 373 (a) of this Act shall apply to all persons, except rice producers, who are subject to the provisions of this subtitle, except that any such person failing to make any report or keep any record as required by this section or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$2,000 for each such violation.

(b) The provisions of section 373 (b) of the Act shall apply to all rice farmers who are subject to the provisions of this subtitle.

## DEFINITIONS

SEC. 380p. For the purposes of this subtitle—

(a) "cooperator" shall have the same meaning as under the Agricultural Act of 1949, as amended.



(b) "processing of rough rice" means subjecting rough rice for the first time to any process which removes the husk or hull from the rice and results in the production of processed rice.

(c) "processed rice" means any rice from which the husk or hull has been removed and includes, but is not limited to—

- (1) whole grain rice,
- (2) second head milled rice,
- (3) screenings milled rice,
- (4) brewers milled rice,
- (5) undermilled rice or unpolished rice,
- (6) brown rice,
- (7) converted rice, malekized rice or parboiled rice, and
- (8) vitaminized rice or enriched rice.

(d) "United States" means the several States, the Territories of Hawaii and Alaska, the District of Columbia, and the Commonwealth of Puerto Rico.

(e) "exporter" means the consignor named in the bill of lading under which the processed rice is exported: *Provided, however,* That any other person may be considered to be the exporter if the consignor named in the bill of lading waives his claim in favor of such other person.

(f) "rough rice equivalent" means the quantity of rough rice normally used (as determined by the Secretary of Agriculture) in the production of a particular quantity of processed rice, but shall not be more than one hundred pounds of rough rice for each sixty-eight pounds of processed rice.

(g) "import" means to enter, or withdraw from warehouse, for consumption.

## SUBTITLE [E] F—MISCELLANEOUS PROVISIONS AND APPROPRIATIONS

### PART I—MISCELLANEOUS

#### COTTON PRICE ADJUSTMENT PAYMENTS

SEC. 381. (a) (Applicable only to 1937 crop of cotton.)

(b) (Applicable only to 1937 crop of cotton.)

SEC. 382. (Applicable only to 1937 crop of cotton.)

#### INSURANCE OF COTTON AND RECONCENTRATION OF COTTON

SEC. 383. (a) The Commodity Credit Corporation shall place all insurance of every nature taken out by it on cotton, and all renewals, extensions, or continuations of existing insurance, with insurance agents who are bona fide residents of and doing business in the State where the cotton is warehoused: *Provided,* That such insurance may be secured at a cost not greater than similar insurance offered on said cotton elsewhere.

(b) Cotton held as security for any loan heretofore or hereafter made or arranged for by the Commodity Credit Corporation shall not hereafter be reconcentrated without the written consent of the producer or borrower.

#### FINALITY OF FARMERS' PAYMENTS AND LOANS

SEC. 385. The facts constituting the basis for any Soil Conservation Act payment, parity payment, loan, or price support operation, or

the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary or by the Commodity Credit Corporation, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. In case any person who is entitled to any such payment dies, becomes incompetent, or disappears before receiving such payment, or is succeeded by another who renders or completes the required performance, the payment shall, without regard to any other provisions of law, be made as the Secretary of Agriculture may determine to be fair and reasonable in all the circumstances and provide by regulations.

SEC. 386. The provisions of section 3741 of the Revised Statutes (U. S. C., 1934 edition, title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U. S. C., 1934 edition, title 18, secs. 204 and 205) [now 18 U. S. C. 431 and 432] shall not be applicable to loans or payments made under this Act (except under section 383 (a)).

#### PHOTOGRAPHIC REPRODUCTIONS AND MAPS

SEC. 387. The Secretary may furnish reproductions of such aerial or other photographs, mosaics, and maps as have been obtained in connection with the authorized work of the Department to farmers and governmental agencies at the estimated cost of furnishing such reproductions, and to persons other than farmers at such prices (not less than estimated cost of furnishing such reproductions) as the Secretary may determine, the money received from such sales to be deposited in the Treasury to the credit of the appropriation charged with the cost of making such reproductions. This section shall not affect the power of the Secretary to make other disposition of such or similar materials under any other provisions of existing law.

#### UTILIZATION OF LOCAL AGENCIES

SEC. 388. (a) The provisions of section 8 (b) and section 11 of the Soil Conservation and Domestic Allotment Act, as amended, relating to the utilization of State, county, local committees, the extension service, and other approved agencies, and to recognition and encouragement of cooperative associations, shall apply in the administration of this Act; and the Secretary shall, for such purposes, utilize the same local, county, and State committees as are utilized under sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended. The local administrative areas designated under section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, for the administration of programs under that Act, and the local administrative areas designated for the administration of this Act shall be the same.

(b) The Secretary is authorized and directed, from any funds made available for the purposes of the Acts in connection with which county committees are utilized, to make payments to county committees of farmers to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of such Acts. All or part of such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments, parity payments, or loans, or other payments under such Acts, made unless payment of such expenses is otherwise pro-



vided by law. The Secretary may make such payments to such committees in advance of determination of performance by farmers.

#### PERSONNEL

SEC. 389. The Secretary is authorized and directed to provide for the execution by the Agricultural Adjustment Administration of such of the powers conferred upon him by this Act as he deems may be appropriately exercised by such administration; and for such purposes the provisions of law applicable to appointment and compensation of persons employed by the Agricultural Adjustment Administration shall apply.

#### SEPARABILITY

SEC. 390. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the Act and the application of such provision to other persons or circumstances, and the provisions of the Soil Conservation and Domestic Allotment Act, as amended, shall not be affected thereby. Without limiting the generality of the foregoing, if any provision of this Act should be held not to be within the power of the Congress to regulate interstate and foreign commerce, such provision shall not be held invalid if it is within the power of the Congress to provide for the general welfare or any other power of the Congress. If any provision of this Act for marketing quotas with respect to any commodity should be held invalid, no provision of this Act for marketing quotas with respect to any other commodity shall be affected thereby. If the application of any provision for a referendum should be held invalid, the application of other provisions shall not be affected thereby. If by reason of any provision for a referendum the application of any such other provision to any person or circumstance is held invalid, the application of such other provision to other persons or circumstances shall not be affected thereby.

#### PART II—APPROPRIATIONS AND ADMINISTRATIVE EXPENSES

##### APPROPRIATIONS

SEC. 391. (a) Beginning with the fiscal year ending June 30, 1938, there is hereby authorized to be appropriated, for each fiscal year for the administration of this Act and for the making of soil conservation and other payments such sums as Congress may determine, in addition to any amount made available pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended.

(b) (Applicable only to fiscal year 1938.)

(c) During each fiscal year, beginning with the fiscal year ending June 30, 1941, the Commodity Credit Corporation is authorized and directed to loan to the Secretary such sums, not to exceed \$50,000,000, as he estimates will be required during such fiscal year, to make crop insurance premium advances and to make advances pursuant to the applicable provisions of sections 8 and 12 of the Soil Conservation and Domestic Allotment Act, as amended, in connection with programs applicable to crops harvested in the calendar year in which such fiscal year ends, and to pay the administrative expenses of county agricul-

tural conservation associations for the calendar year in which such fiscal year ends. The sums so loaned during any fiscal year shall be transferred to the current appropriation available for carrying out sections 7 to 17 of such Act and shall be repaid, with interest at a rate to be determined by the Secretary but not less than the cost of money to the Commodity Credit Corporation for a comparable period, during the succeeding fiscal year from the appropriation available for that year or from any unobligated balance of the appropriation for any other year.

#### ADMINISTRATIVE EXPENSES

SEC. 392. (a) The Secretary is authorized and directed to make such expenditures as he deems necessary to carry out the provisions of this Act and sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, including personal services and rents in the District of Columbia and elsewhere; traveling expenses; supplies and equipment; lawbooks, books of reference, directories, periodicals, and newspapers; and the preparation and display of exhibits, including such displays at community, county, State, interstate, and international fairs within the United States. The Secretary of the Treasury is authorized and directed upon the request of the Secretary to establish one or more separate appropriation accounts into which there shall be transferred from the respective funds available for the purposes of the several Acts, in connection with which personnel or other facilities of the Agricultural Adjustment Administration are utilized, proportionate amounts estimated by the Secretary to be required by the Agricultural Adjustment Administration for administrative expenses in carrying out or cooperating in carrying out any of the provisions of the respective Acts.

(b) In the administration of this title and sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, the aggregate amount expended in any fiscal year, beginning with the fiscal year ending June 30, 1942, for administrative expenses in the District of Columbia, including regional offices, and in the several States (not including the expenses of county and local committees) shall not exceed 3 per centum of the total amount available for such fiscal year for carrying out the purposes of this title and such Act, unless otherwise provided by appropriation or other law. In the administration of section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes," approved August 24, 1935 (49 Stat. 774), as amended, and the Agricultural Marketing Agreement Act of 1937, as amended, and those sections of the Agricultural Adjustment Act (of 1933), as amended, which were reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, the aggregate amount expended in any fiscal year, beginning with the fiscal year ending June 30, 1942, for administrative expenses in the District of Columbia, including regional offices, and in the several States (not including the expenses of county and local committees) shall not exceed 4 per centum of the total amount available for such fiscal year for carrying out the purposes of said Acts, unless otherwise provided by appropriation or other law. In the event any administrative expenses of any county or local committee are deducted in any fiscal year, beginning with the fiscal year ending June 30, 1939, from Soil Conservation Act payments, parity



payments, or loans, each farmer receiving benefits under such provisions shall be apprised of the amount or percentage deducted from such benefit payment or loan on account of such administrative expenses. The names and addresses of the members and employees of any county or local committee, and the amount of such compensation received by each of them, shall be posted annually in a conspicuous place in the area within which they are employed.

#### ALLOTMENT OF APPROPRIATIONS

SEC. 393. All funds for carrying out the provisions of this Act shall be available for allotment to bureaus and offices of the Department, and for transfer to such other agencies of the Federal Government, and to such State agencies, as the Secretary may request to cooperate or assist in carrying out the provisions of this Act.

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### SECTIONS 703, 704, AND 705 OF THE NATIONAL WOOL ACT OF 1954

SEC. 703. The Secretary of Agriculture shall, through the Commodity Credit Corporation, support the prices of wool and mohair, respectively, to the producers thereof by means of loans, purchases, payments, or other operations. Such price support shall be limited to wool and mohair marketed during the period beginning April 1, 1955, and ending March 31, [1959] 1962. The support price for shorn wool shall be at such incentive level as the Secretary, after consultation with producer representatives, and after taking into consideration prices paid and other cost conditions affecting sheep production, determines to be necessary in order to encourage an annual production consistent with the declared policy of this title: *Provided*, That the support price for shorn wool shall not exceed 110 per centum of the parity price therefor. If the support price so determined does not exceed 90 per centum of the parity price for shorn wool, the support price for shorn wool shall be at such level, not in excess of 90 per centum nor less than 60 per centum of the parity price therefor, as the Secretary determines necessary in order to encourage an annual production of approximately three hundred and sixty million pounds of shorn wool. The support prices for pulled wool and for mohair shall be established at such levels, in relationship to the support price for shorn wool, as the Secretary determines will maintain normal marketing practices for pulled wool, and as the Secretary shall determine is necessary to maintain approximately the same percentage of parity for mohair as for shorn wool. The deviation of mohair support prices shall not be calculated so as to cause it to rise or fall more than 15 per centum above or below the comparable percentage of parity at which shorn wool is supported. Notwithstanding the foregoing, no price support shall be made available, other than through payments, at a level in excess of 90 per centum of the parity price for the commodity. The Secretary shall, to the extent practicable, announce the support price levels for wool and mohair sufficiently in advance of each marketing year as will permit producers to plan their production for such marketing year.

SEC. 704. If payments are utilized as a means of price support, the payments shall be such as the Secretary of Agriculture determines to be sufficient, when added to the national average price received by producers, to give producers a national average return for the commodity equal to the support price level therefor: *Provided*, That the total of all such payments made under this Act shall not at any time exceed an amount equal to 70 per centum of the accumulated totals, as of the same date, of the gross receipts from [specific] duties [(whether or not such specific duties are parts of compound rates)] collected on and after January 1, 1953, on all articles subject to duty under schedule 11 of the Tariff Act of 1930, as amended. The payments shall be made upon wool and mohair marketed by the producers thereof, but any wool or mohair produced prior to January 1, 1955, shall not be the subject of payments. The payments shall be at such rates for the marketing year or periods thereof as the Secretary determines will give producers the support price level as herein provided. Payments to any producer need not be made if the Secretary determines that the amount of the payment to the producer or all producers is too small to justify the cost of making such payments. The Secretary may make the payment to producers through the marketing agency to or through whom the producer marketed his wool or mohair: *Provided*, That such marketing agency agrees to receive and promptly distribute the payments on behalf of such producers. In case any person who is entitled to any such payment dies, becomes incompetent, or disappears before receiving such payment, or is succeeded by another who renders or completes the required performance, the payment shall, without regard to any other provisions of law, be made as the Secretary may determine to be fair and reasonable in all the circumstances and provided by regulation.

SEC. 705. For the purpose of reimbursing the Commodity Credit Corporation for any expenditures made by it in connection with payments to producers under this title, there is hereby appropriated for each fiscal year beginning with the fiscal year ending June 30, 1956, an amount equal to the total of expenditures made by the Corporation during the preceding fiscal year and to any amounts expended in prior fiscal years not previously reimbursed: *Provided, however*, That such amounts appropriated for any fiscal year shall not exceed 70 per centum of the gross receipts from [specific] duties [(whether or not such specific duties are parts of compound rates)] collected during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year on all articles subject to duty under schedule 11 of the Tariff Act of 1930, as amended. For the purposes of the appraisal under the Act of March 8, 1938, as amended (15 U. S. C. 713a-1), the Commodity Credit Corporation shall establish on its books an account receivable in an amount equal to any amount expended by Commodity Credit Corporation in connection with payments pursuant to this title which has not been reimbursed from appropriations made hereunder.



## MINORITY VIEWS

We, the undersigned, believe that H. R. 12954 in its present form is unsound legislation. The bill enacts for a 3-year period several farm programs that are so complex and burdened with regulations so as to be impossible of administration, and will cost the taxpayers and the consumers additional billions of dollars.

Portions of the bill that are extensions of existing programs that have proven worth while should be enacted without delay. This is particularly true of the extension of the Agricultural Trade Development and Assistance Act of 1954, commonly called Public Law 480. This act expires on June 30 of this year and the movement of our overabundance of food and fiber out of Government storage bins would be expedited by its speedy enactment. This is also true of the special milk programs for schools, veterans hospitals, and summer camps which expire on June 30 of this year.

The Wool Act, due to expire on March 31 of next year, should also be speedily extended. Why should these programs be coupled with commodity programs some of which are controversial, untried, and we think clearly unsound?

Many titles of H. R. 12954 are so complex and difficult to understand that the Department of Agriculture, commodity groups, and farm organizations who work with the committee could not agree on the actual meaning or intent of certain sections of the bill. The minority feels that in justice to the farmer, the consumer and the Department of Agriculture further research and study seems essential if these new programs suggested by this legislation are to be successful in contributing to the solution of our agricultural difficulties.

The cost of this bill to the taxpayer, if all its provisions are adopted, would be astronomical. Conservative estimates have been made that from \$1½ billion to \$2 billion will be added each year to the present expenditures of our farm programs by the enactment of this legislation.

H. R. 12954 offers no permanent program. Every title of the bill expires at the end of 3 years.

The minority will offer amendments to strike several titles of H. R. 12954 and will offer amendments to strengthen other sections.

WILLIAM S. HILL.  
CHARLES B. HOEVEN.  
SID SIMPSON.  
PAUL B. DAGUE.  
PAGE BELCHER.  
CLIFFORD G. MCINTIRE.  
WILLIAM R. WILLIAMS.  
ROBERT D. HARRISON.  
HENRY A. DIXON.  
CHARLES M. TEAGUE.  
DONALD E. TEWES.

## ADDITIONAL MINORITY VIEWS

Although we are generally in accord with the minority report, we have some reservations regarding title VII relating to corn and feed grains. We can see nothing wrong in providing for a corn referendum. This is the democratic way of determining the type of program the farmers of the country really want. However, we cannot approve of the reimposition of marketing quotas for corn in view of the fact that such quotas were repealed by the Congress a few years ago because they were found to be impracticable and unworkable. Neither can we condone permitting the feed-grain farmers of other areas of the country to impose compulsory regulations and controls with fines on the commercial corn area. Furthermore, the cost of title VII as now drawn seems prohibitive and is estimated to be almost one-half billion dollars a year.

CHARLES B. HOEVEN.  
SID SIMPSON.  
ROBERT D. HARRISON.



## DISSENTING REPORT TO H. R. 12954

If the basic premise of H. R. 12954 were the proposition that the economic needs of agriculture require a single legislative treatment of the whole of agriculture, the omnibus aspect of this bill would have a superficially plausible justification.

The fact is that this premise did not dictate the contents of H. R. 12954. Rather, the record will show that it represents the thought that if the agricultural Christmas tree is loaded up with enough ornaments it will have sufficient appeal to purchase a majority vote regardless of the negative effect of certain of those ornaments on voting Members of Congress.

Moreover, it does not purport to deal with more than a specified category of six crops. By the terms of its provisions for those six crops it thus represents a Cadillac treatment for only a part of the farm community and says to the balance of farmers that their needs as farmers, consumers of agricultural goods, and taxpayers will again be ignored or detrimentally affected. This is a package which ignores the economic unity of agriculture for a presumed majority political unity.

We confine our further remarks of dissent to the cotton section of the bill (title III) beginning at page 7 thereof.

Each of the so-called basic crops of cotton, wheat, corn, rice, tobacco, and peanuts have suffered dislocations of marketing and supply by reason of support levels which guarantee profits to reasonably efficient producers of these crops without great distinction between qualities and varieties of product within the general description of each crop. Cotton, however, has suffered the most from a poor law involving, among other things, overly high levels of support, because cotton has had an aggressive synthetic competition at home and abroad and foreign capabilities of expanded cotton production ready to be exercised if the price were right. Our agricultural program has said that the price was right both for synthetics and foreign cotton production.

As a result, the American cotton grower has been feeding the fires of competition in exchange for the palliative of a guaranteed profitable price. The result has been the loss of substantial markets at home and abroad and the prolonged imposition of prohibitive quotas on American cotton growers. Restricted production, of course, means less profitable production even with high per unit prices.

It is almost unanimously agreed by experts in the cotton business, either publicly or privately, that these things are true:

1. If American cotton production is to hold its present market position, its market price must be lower. Increasing consumption by reason of population increase will probably produce increasing demands with a lower price. If the price is low enough lost markets

may be regained. Any lowering of prices is valuable whether or not it makes cotton completely competitive pricewise with synthetics.

2. In terms of modern competition and modern technology of production, there are many acres in the United States which should not be devoted to cotton. In some instances, whole farms would be included in this category. Support programs should not be geared to maintaining such acres in production. The effect of such effort is the aggravation of a surplus problem and the penalizing of all cotton growers. It should be noted that in many instances such acres produce cotton of a quality for which there is no possible market outside of the Government loan. These are the supplies which consistently become the property of the Government and are caused in large measure by the present seven-eighths-inch staple length base for support levels.

3. There is a possible shortage of quality cotton in 1959 occasioned by several years' application of a defective quota law combined with a 1957 crop failure in portions of the Cotton Belt, coupled with substantial costly dump sales of CCC cotton abroad. The cotton produced on the estimated minimum acreage of 17,750,000 acres provided by H. R. 12954, therefore, may not produce a costly surplus in 1959. It will in 1960 and 1961.

#### COMMENT ON THE SPECIFIC PROVISIONS OF H. R. 12954

This proposal is not a rational answer to the problem of cotton either in 1959 or subsequent years. As noted, it establishes a minimum acreage which will produce a surplus each year with the possible exception in 1959 and approximately 30 percent of such acreage will produce cotton which cannot be sold except to the Government at the support prices established.

It would destroy the loan program for precisely those producers who have been using such program as it should be used, viz those who have used it as an orderly marketing device by harboring their cotton in the loan temporarily with ultimate market sale and repayment to the Government of the loan plus interest and carrying charges.

It would substitute outright purchase by the Government of the great bulk of cotton with the consequent destruction of country buyers and other local factors in the cotton business, including marketing cooperatives.

HARLAN HAGEN.

CHARLES M. TEAGUE.





85TH CONGRESS  
2D SESSION

# H. R. 12954

[Report No. 1939]

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1958

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

JUNE 19, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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## A BILL

To extend and amend the Agricultural Trade Development and Assistance Act of 1954; to amend the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the National Wool Act of 1954 with respect to acreage allotment and price support programs for rice, cotton, wool, wheat, milk, and feed grains; and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as "The Agricultural Act of  
4       1958".

### 5                   TITLE I—FOREIGN TRADE

6       SEC. 101. The Agricultural Trade Development and  
7       Assistance Act of 1954, as amended, is amended as follows:

8       (a) Sections 109 and 204 of such Act are amended

1 by striking out "1958" and substituting in lieu thereof  
2 "1959".

3 (b) Section 103 (b) of such Act is amended by  
4 striking out "\$4,000,000,000" and inserting in lieu thereof  
5 "\$5,500,000,000".

6 SEC. 102. Section 303 of the Agricultural Trade Devel-  
7 opment and Assistance Act of 1954 is amended to read as  
8 follows:

9 "SEC. 303. The Secretary is directed, to the maximum  
10 extent practicable within the limit permitted by this section,  
11 to barter or exchange agricultural commodities owned by the  
12 Commodity Credit Corporation for (a) strategic materials  
13 or other materials of which the United States does not  
14 domestically produce its requirements and which entail less  
15 risk of loss through deterioration or substantially less storage  
16 charges, or (b) materials, goods, or equipment required in  
17 connection with foreign economic and military aid and assist-  
18 ance programs, or (c) materials or equipment required in  
19 substantial quantities for offshore construction programs.  
20 He is hereby directed to use every practicable means, in  
21 cooperation with other Government agencies, to arrange  
22 and make, through private channels, such barters or ex-  
23 changes or to utilize the authority conferred on him by sec-  
24 tion 4 (h) of the Commodity Credit Corporation Charter



1 Act, as amended, to make such barter or exchanges: *Pro-*  
2 *vided*, That the total volume of the transactions directed by  
3 this section shall not exceed \$500,000,000 annually, unless  
4 specifically authorized by the Congress. In carrying out  
5 barter or exchanges authorized by this section, no restric-  
6 tions shall be placed on the countries of the free world into  
7 which surplus agricultural commodities may be sold, except  
8 where the Secretary has made a specific finding as to a  
9 particular transaction that such transaction will replace a  
10 cash sale for dollars. The authorities contained in this sec-  
11 tion shall, in addition to other types of transactions, permit  
12 the domestic processing of raw materials of foreign origin  
13 or of domestic origin where the domestic processor agrees  
14 to import an equivalent amount of similar foreign material.  
15 Agencies of the United States Government procuring such  
16 materials, goods, or equipment are hereby directed to cooper-  
17 ate with the Secretary in the disposal of surplus agricultural  
18 commodities by means of barter or exchange. The Secretary  
19 is also directed to assist, through such means as are available  
20 to him, farmers' cooperatives in effecting exchange of agri-  
21 cultural commodities in their possession for strategic  
22 materials."

23 SEC. 103. Section 104 of the Agricultural Trade De-  
24 velopment and Assistance Act of 1954, as amended, is

1 amended by substituting a semicolon for the period at the  
2 end of paragraph (j) and adding the following new para-  
3 graph:

4 “(k) For the acquisition by purchase, lease, rental or  
5 otherwise, of sites and buildings and grounds abroad, for  
6 United States Government use including offices, residence  
7 quarters, community and other facilities, and for construc-  
8 tion, repair, alteration and furnishing of such buildings and  
9 facilities: *Provided*, That foreign currencies shall be available  
10 for the purposes of this subsection (in addition to funds other-  
11 wise made available for such purposes) in such amounts as  
12 may be specified from time to time in appropriation acts;”.

13 SEC. 104. Section 104 of such Act is amended by adding  
14 thereto the following new paragraph:

15 “(l) For financing trade fair participation and related  
16 activities authorized by section 3 of the International Cultural  
17 Exchange and Trade Fair Participation Act of 1956 (22  
18 U. S. C. 1992) ;”.

19 SEC. 105. Section 104 of such Act is amended by add-  
20 ing the following new paragraph:

21 “(m) For financing under the direction of the Librar-  
22 ian of Congress, in consultation with the National Science  
23 Foundation and other interested agencies, (1) programs  
24 outside the United States for the analysis and evaluation  
25 of foreign books, periodicals, and other materials to deter-



1 mine whether they would provide information of technical  
2 or scientific significance in the United States and whether  
3 such books, periodicals, and other materials are of cultural  
4 or educational significance; (2) the registry, indexing, bind-  
5 ing, reproduction, cataloging, abstracting, translating, and  
6 dissemination of books, periodicals, and related materials de-  
7 termined to have such significance; and (3) the acquisition  
8 of such books, periodicals, and other materials and the de-  
9 posit thereof in libraries and research centers in the United  
10 States specializing in the areas to which they relate;”.

11 SEC. 106. Such Act is amended by adding thereto the  
12 following new section:

13 “SEC. 306. Any provision of this Act or of section 32  
14 of the Act of August 24, 1935, as amended (7 U. S. C.  
15 612c), may be extended by the President to any area under  
16 the jurisdiction or administration of the United States.”

17 SEC. 107. Section 104 of such Act is amended by in-  
18 serting in the first proviso after the lettered paragraphs  
19 thereof, after “(d) and (e)”, in lieu of the word “and”,  
20 the following: “except when used for cooperative non-self-  
21 liquidating projects for the development of human resources  
22 and skills;”

23 SEC. 108. (a) Section 104 of such Act is amended by  
24 inserting before the period at the end of the first sentence of  
25 paragraph (h) thereof the following: “and for the financing

1 of programs for the interchange of persons under title II of  
2 the United States Information and Educational Exchange  
3 Act of 1948, as amended (22 U. S. C. 1446) ”.

4 (b) Such section is further amended by adding the  
5 following new paragraph :

6 “(n) For providing assistance, by grant or otherwise,  
7 in the expansion or operation in foreign countries of estab-  
8 lished schools, colleges, or universities founded or sponsored  
9 by citizens of the United States, for the purpose of enabling  
10 such educational institutions to carry on programs of voca-  
11 tional, professional, scientific, technological, or general edu-  
12 cation; and in the supporting of workshops in American  
13 studies or American educational techniques, and supporting  
14 chairs in American studies:”.

## 15 TITLE II—RICE

16 SEC. 201. Section 101 (d) of the Agricultural Act of  
17 1949, as amended, is amended by adding at the end thereof  
18 the following:

19 “(8) For the 1959, 1960, and 1961 crops, the level  
20 of support for any crop of rice for which producers have not  
21 disapproved marketing quotas shall be such level not less  
22 than 75 per centum or more than 90 per centum of the  
23 parity price therefor as the Secretary determines after con-  
24 sideration of the factors specified in section 401 (b).”

25 SEC. 202. Section 353 (c) of the Agricultural Adjust-



1 ment Act of 1938, as amended, is amended by adding at  
2 the end thereof the following:

3 “(7) The national acreage allotments of rice for 1959,  
4 1960, and 1961 shall be not less than the national acreage  
5 allotment for 1958, and such national allotments for 1959,  
6 1960, and 1961 shall be apportioned among the States in  
7 the same proportion that they shared in the total acreage  
8 allotted in 1958.”

### 9 TITLE III—COTTON

#### 10 1959-61 PRICE SUPPORTS AND ACREAGE ALLOTMENTS

11 SEC. 301. For the 1959, 1960, and 1961 crops, pro-  
12 duction adjustment and price support programs for upland  
13 cotton (hereinafter referred to as “cotton”) shall be carried  
14 out in accordance with the provisions of the Agricultural  
15 Adjustment Act of 1938, as amended, and the Agricultural  
16 Act of 1949, as amended, except that—

17 (1) the national marketing quota, which shall be  
18 proclaimed for each year regardless of the supply find-  
19 ings under section 342 of the Agricultural Adjustment  
20 Act of 1938, as amended, shall be not less than that  
21 number of bales necessary to equal the estimated domes-  
22 tic consumption and exports for the marketing year for  
23 which the quota is proclaimed;

24 (2) the Secretary shall provide for the county  
25 committee to offer the operator of each farm for which

1 a 1959 cotton acreage allotment has been established a  
2 choice between two price support and acreage allot-  
3 ment programs for 1959 as hereinafter described: (a)  
4 under "program A" the farm acreage allotment shall  
5 be the allotment established for the farm pursuant to  
6 the provisions of the Agricultural Adjustment Act of  
7 1938, as amended, and this Act, and the level of price  
8 support for cooperators shall be established by the  
9 Secretary without regard to section 101 (b) of the  
10 Agricultural Act of 1949, as amended, at not less than  
11 the level calculated by using the same per centum of the  
12 parity price of cotton as that which was applicable  
13 to the 1958 crop of cotton; (b) under "program B" the  
14 farm acreage allotment so established shall be increased  
15 by not to exceed  $33\frac{1}{3}$  per centum, and the level of price  
16 support for cooperators shall be set at such level not  
17 less than 60 per centum of the parity price for cotton,  
18 as the Secretary shall determine;

19 (3) the provisions of paragraph (2) shall be ap-  
20 plicable to the 1960 and 1961 crops of cotton except  
21 that the level of price support under "program A" shall  
22 be established by the Secretary without regard to  
23 section 101 (b) of the Agricultural Act of 1949, as  
24 amended, at not less than 80 per centum of parity for



1 the 1960 crop and not less than 75 per centum of parity  
2 of the 1961 crop;

3 (4) the additional acreage required to be allotted  
4 to farms under "program B" for any year shall be in ad-  
5 dition to the county, State, and National acreage allot-  
6 ments for such year and the production from such acre-  
7 age shall be in addition to the national marketing quota.  
8 The additional acreage so allotted to farms shall not be  
9 taken into account in establishing future State, county,  
10 and farm acreage allotments;

11 (5) price support to cooperators under "program  
12 A" shall be made available through a purchase program  
13 and cotton so purchased by the Commodity Credit Cor-  
14 poration, as well as any other cotton acquired by the  
15 Commodity Credit Corporation under price-support  
16 operations, may be made available for sale immediately  
17 after receipt at not less than 10 per centum above the  
18 current support price under "program B", plus reason-  
19 able carrying charges: *Provided*, That any cotton ac-  
20 quired by the Commodity Credit Corporation under any  
21 price support program may be used for the purpose of  
22 carrying out the cotton export program provided for in  
23 section 203 of the Agricultural Act of 1956.

## 1                                    SMALL FARM ALLOTMENTS

2        SEC. 302. The amendments contained in subsections (a),  
3        (c), and (d) of section 303 of the Agricultural Act of 1956  
4        relating to minimum farm acreage allotments shall apply  
5        to the 1959, 1960, and 1961 crops of cotton, except that—  
6                (1) the national acreage reserve shall be established  
7                by the Secretary in an amount equal to the estimated  
8                needs for additional acreage for establishing minimum  
9                farm allotments under section 344 (f) (1). The needs  
10              for such additional acreage shall be estimated by the  
11              Secretary, taking into consideration such needs as estab-  
12              lished by the Secretary in connection with the 1957 and  
13              1958 cotton allotments and the size of the national acre-  
14              age allotments for such years. The national acreage  
15              reserve shall be apportioned to States and counties on  
16              the basis of the proviso in paragraph (7) of section  
17              344 (f).  
18              (2) the amount of the national acreage reserve es-  
19              tablished pursuant to paragraph (1) of this section and  
20              the additional one thousand acres for apportionment to  
21              Nevada shall be deducted from the national acreage al-  
22              lotment prior to its apportionment to the States pursuant  
23              to section 344 (b).



## LOANS ON SPOTTED COTTON

SEC. 303. Section 403 of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof the following sentence: "In adjusting the support price for cotton on the basis of grade, the Secretary shall establish separate price support rates substantially reflecting the usual trade differentials for spotted cotton and for light spotted cotton".

## APPORTIONMENT ON BASIS OF PREVIOUS ALLOTMENT

SEC. 304. Section 344 (f) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof the following new paragraph:

"(7) Notwithstanding the foregoing provisions of paragraphs (2) and (6) of this subsection, the Secretary may, if he determines that such action will facilitate the effective administration of the provisions of the Act, provide for the county acreage allotment for 1959, 1960, and 1961, less the acreage reserved under paragraph (3) of this subsection, to be apportioned to farms on which cotton has been planted in any one of the three years immediately preceding the year for which such allotment is determined, on the basis of the farm acreage allotment for the year immediately preceding the year for which such apportion-

1 ment is made, adjusted as may be necessary for any change  
2 in the acreage of cropland available for the production  
3 of cotton: *Provided*, That the State and county bases for  
4 apportioning the acreage reserve provided for in sub-  
5 section (b) of this section for establishing minimum farm  
6 allotments pursuant to paragraph (1) of this subsection  
7 shall be the same as those determined by the Secretary in  
8 apportioning such reserves in establishing 1958 farm cotton  
9 acreage allotments.”

#### 10 TITLE IV—WOOL

11 SEC. 401. Section 703 of the National Wool Act of  
12 1954 (68 Stat. 910) is amended by striking out “March 31,  
13 1959” and inserting in lieu thereof “March 31, 1962”.

14 SEC. 402. The first proviso in section 704 of such Act  
15 (68 Stat. 911) is amended by striking out “specific” the  
16 first time it appears therein, and by striking out “(whether  
17 or not such specific duties are parts of compound rates)”.

18 SEC. 403. The proviso in section 705 of such Act (68  
19 Stat. 911) is amended by striking out “specific” the first  
20 time it appears therein, and by striking out “(whether or not  
21 such specific duties are parts of compound rates)”.

#### 22 TITLE V—WHEAT

23 SEC. 501. Title III of the Agricultural Adjustment Act  
24 of 1938, as amended, is amended (1) by designating sub-



1 titles D and E as subtitles E and F, respectively, and (2)  
2 by inserting after subtitle C a new subtitle D as follows:

3 "SUBTITLE D—DOMESTIC PARITY PLAN FOR WHEAT

4 "LEGISLATIVE FINDINGS

5 "SEC. 379a. Wheat, in addition to being a basic food,  
6 is one of the great export crops of American agriculture and  
7 its production for domestic consumption and for export is  
8 essential to the maintenance of a sound national economy and  
9 to the general welfare. The movement of wheat from pro-  
10 ducer to consumer, in the form of the commodity or any of  
11 the products thereof, is preponderantly in interstate and for-  
12 eign commerce. That small percentage of wheat which is  
13 produced and consumed within the confines of any State is  
14 normally commingled with, and always bears a close and  
15 intimate commercial and competitive relationship to, that  
16 quantity of such commodity which moves in interstate and  
17 foreign commerce. For this reason, any regulation of intra-  
18 state commerce in wheat is a regulation of commerce which  
19 is in competition with, or which otherwise affects, obstructs,  
20 or burdens interstate commerce in that commodity. In  
21 order to provide an adequate and balanced flow of wheat  
22 in interstate and foreign commerce and thereby assist farm-  
23 ers in obtaining parity of income by marketing wheat for  
24 domestic consumption at parity prices and by increased ex-

1 ports at world prices, and to assure consumers an adequate  
2 and steady supply of wheat at fair prices, it is necessary to  
3 regulate all commerce in wheat in the manner provided  
4 under the marketing certificate plan set forth in this subtitle.

5 "DOMESTIC FOOD QUOTA

6 "SEC. 379b. Not later than May 15 of each calendar  
7 year the Secretary shall determine and proclaim the domestic  
8 food quota for wheat for the marketing year beginning in  
9 the next calendar year. Such domestic food quota shall  
10 be that number of bushels of wheat which the Secretary  
11 determines will be consumed as human food in the con-  
12 tinental United States during such marketing year.

13 "APPORTIONMENT OF DOMESTIC FOOD QUOTA

14 "SEC. 379c. (a) The domestic food quota for wheat,  
15 less a reserve of not to exceed 1 per centum thereof for ap-  
16 portionment as provided in this subsection, shall be ap-  
17 portioned by the Secretary among the several States on the  
18 basis of the State acreage allotment of wheat for the year  
19 for which the domestic food quota is determined multiplied  
20 by the average yield per acre of wheat for the State during  
21 such ten-year period, adjusted for abnormal weather con-  
22 ditions and for trends in yields. The reserve quota set aside  
23 herein for apportionment by the Secretary shall be used to  
24 establish quotas for counties, in addition to the county quotas  
25 established under subsection (b) of this section, on the basis



1 of the relative needs of counties for additional quota because  
2 of reclamation and other new areas coming into the produc-  
3 tion of wheat during the five calendar years immediately  
4 preceding the calendar year in which the quota is pro-  
5 claimed.

6 “(b) The State domestic food quota for wheat, less  
7 a reserve of not to exceed 3 per centum thereof for appor-  
8 tionment as provided in subsection (c), shall be apportioned  
9 by the Secretary among the counties in the State on the  
10 basis of the county acreage allotment of wheat for the year  
11 for which such State quota is determined multiplied by the  
12 normal yield of wheat for the county for such year.

13 “(c) The county domestic food quota for wheat shall  
14 be apportioned by the Secretary, through the local commit-  
15 tees, among the farms within the county on which wheat  
16 has been seeded for the production of wheat during any one  
17 or more of the three calendar years immediately preceding  
18 the calendar year in which the marketing year for which  
19 the quota is proclaimed begins, on the basis of the farm acre-  
20 age allotment for the year for which the quota is proclaimed  
21 multiplied by the farm normal yield of wheat for such year.  
22 The reserve provided under subsection (b) shall be appor-  
23 tioned to farms for which new wheat acreage allotments  
24 are determined under the second sentence of section 334 (c)  
25 of this Act, as amended, on the basis of the farm acre-

1 age allotment for such year multiplied by the farm normal  
2 yield of wheat for such year.

3 "MARKETING CERTIFICATES

4 "SEC. 379d. (a) Beginning with the first crop of wheat  
5 for which a marketing certificate program is placed in effect  
6 under section 379j, the Secretary shall prepare for issuance  
7 in each county marketing certificates aggregating the amount  
8 of the county domestic food quota. Such certificates shall be  
9 issued to cooperators in an amount equal to the domestic  
10 food quota established for the farm pursuant to the applicable  
11 provisions of section 379c of this Act. The marketing certifi-  
12 cates for a farm shall be issued to the farm operator, but the  
13 Secretary may authorize the issuance of marketing certifi-  
14 cates to individual producers on any farm on the basis of  
15 their respective shares in the wheat crop, or the proceeds  
16 thereof, produced on the farm. The Secretary shall also  
17 issue and sell marketing certificates to processors and im-  
18 porters in such quantities as are required by them in order  
19 to meet the requirements of subsections (a) and (b) of  
20 section 379e. Marketing certificates shall be transferable  
21 only in accordance with regulations issued by the Secretary.

22 "(b) Whenever a domestic food quota is proclaimed  
23 for any marketing year pursuant to section 379b of this  
24 Act, the Secretary shall determine and proclaim for such  
25 marketing year (1) the estimated parity price, (2) the



1 estimated farm price for wheat, and (3) the value per bushel  
2 of the marketing certificate. The value of the marketing  
3 certificate shall be equal to the amount by which the esti-  
4 mated parity price exceeds the estimated farm price as  
5 determined herein. The value of each marketing certificate  
6 shall be computed to the nearest cent by multiplying the  
7 value per bushel by the number of bushels thereof. Except  
8 as otherwise provided herein, the value of the certificate  
9 so determined shall remain constant and shall remain in  
10 effect throughout the marketing year for which it is issued.  
11 The proclamation required by this subsection shall be made  
12 during the month of May immediately preceding the market-  
13 ing year for which such domestic food quota is proclaimed.  
14 “(c) The Secretary is authorized and directed through  
15 the Commodity Credit Corporation to buy and sell marketing  
16 certificates issued for any marketing year at the value pro-  
17 claimed pursuant to subsection (b) of this section. For the  
18 purpose of facilitating the purchase and sale of certificates,  
19 the Secretary may establish and operate a pool or pools and  
20 he may also authorize public and private agencies to act  
21 as his agents, either directly or through the pool or pools.  
22 Certificates shall be valid to cover sales and importations of  
23 products made during the marketing year with respect to  
24 which they are issued and after being once used to cover

1 such sales and importations shall be canceled by the Secre-  
2 tary. Any unused certificates shall be redeemed by the  
3 Secretary at the price established for such certificates.

4 "MARKETING RESTRICTIONS

5 "SEC. 379e. (a) Beginning with the first day of the  
6 marketing year in which the first crop of wheat for which  
7 a marketing certificate program is placed in effect under  
8 section 379j would normally be marketed, and except as  
9 provided in subsection (d) hereof, all persons engaged in  
10 the processing of wheat into food products composed wholly  
11 or partly of wheat are hereby prohibited from marketing  
12 any such product for domestic food consumption or export  
13 containing wheat in excess of the quantity for which market-  
14 ing certificates issued pursuant to section 379d of this Act  
15 have been acquired by such person. The quantity of such  
16 marketing certificates acquired shall be equivalent to the  
17 number of bushels of wheat processed into food products.

18 "(b) Beginning with the first day of the marketing  
19 year in which the first crop of wheat for which a marketing  
20 certificate program is placed in effect under section 379j  
21 would normally be marketed and except as provided in  
22 subsection (d) hereof, all persons are hereby prohibited  
23 from importing or bringing into the continental United States  
24 any food products containing wheat in excess of the quantity



1 for which marketing certificates issued pursuant to section  
2 379d of this Act have been acquired by such person.

3 “(c) Upon the exportation from the continental United  
4 States of any food product containing wheat, with respect  
5 to which marketing certificates as required herein have been  
6 acquired, the Secretary shall pay to the exporter an amount  
7 equal to the value of the certificates for the quantity of  
8 wheat so exported in the food product. For the purposes  
9 of this subsection, the consignor named in the bill of lad-  
10 ing, under which the article is exported, shall be considered  
11 the exporter: *Provided, however,* That any other person  
12 may be considered to be the exporter if the consignor named  
13 in the bill of lading waives claim in favor of such other  
14 person.

15 “(d) Upon the giving of a bond satisfactory to the Sec-  
16 retary under such rules and regulations as he shall prescribe  
17 to secure the purchase of and payment for such marketing  
18 certificates as may be required, any person required to have  
19 a marketing certificate in order to market or import a food  
20 product composed wholly or partly of wheat may market or  
21 import any such commodity without having first acquired a  
22 marketing certificate.

23 “(e) As used in this section, (1) the term ‘marketing’  
24 means the sale and the delivery of the food product composed

1 wholly or partly of wheat, and (2) the term "food" means  
2 human food.

3 "CONVERSION FACTORS

4 "SEC. 379f. The Secretary shall ascertain and establish  
5 conversion factors showing the amount of wheat contained  
6 in food products processed wholly or partly from wheat.  
7 The conversion factor for any such product shall be deter-  
8 mined upon the basis of the weight of wheat used in the  
9 processing of such product.

10 "CIVIL PENALTIES

11 "SEC. 379g. Any person who violates or attempts  
12 to violate, or who participates or aids in the violation of,  
13 any of the provisions of subsection (a) or (b) of section  
14 379e of this Act shall forfeit to the United States a sum  
15 equal to three times the market value, at the time of the  
16 commission of such act, of the product involved in such  
17 violation. Such forfeiture shall be recoverable in a civil  
18 suit brought in the name of the United States.

19 "ADJUSTMENTS IN DOMESTIC FOOD QUOTAS

20 "SEC. 379h. If the Secretary has reason to believe that  
21 because of a national emergency or because of an unusual  
22 and material increase in demand for wheat, the domestic  
23 food quota for wheat should be increased or suspended, he  
24 shall cause an immediate investigation to be made to deter-  
25 mine whether the increase or suspension is necessary in order



1 to meet such emergency or increase in the demand for wheat.  
2 If, on the basis of such investigation, the Secretary finds that  
3 such increase or suspension is necessary, he shall immedi-  
4 ately proclaim such finding (and if he finds an increase is  
5 necessary, the amount of the increase found by him to be  
6 necessary) and thereupon such quotas shall be increased or  
7 shall be suspended, as the case may be. In case any  
8 domestic food quota for wheat is increased under this section,  
9 each farm quota for wheat shall be increased in the same  
10 ratio and marketing certificates shall be issued therefor in  
11 accordance with section 379d of this Act. In case any  
12 domestic food quota for wheat is increased or suspended  
13 under this section, the Secretary may redetermine the value  
14 of marketing certificates prior to the issuance of such certifi-  
15 cates pursuant to section 379d of this Act.

16 "REPORTS AND RECORDS

17 "SEC. 379i. (a) The provisions of section 373 (a) of  
18 this Act shall apply to all persons, except wheat producers,  
19 who are subject to the provisions of this subtitle, except that  
20 any such person failing to make any report or keep any rec-  
21 ord as required by this section or making any false report or  
22 record shall be deemed guilty of a misdemeanor and upon  
23 conviction thereof shall be subject to a fine of not more  
24 than \$2,000 for each such violation.

25 "(b) The provisions of section 373 (b) of the Act shall

1 apply to all wheat farmers who are subject to the provisions  
2 of this subtitle.

3 "REFERENDUM

4 "SEC. 379j. In any referendum held pursuant to section  
5 336 of this Act on the national marketing quota proclaimed  
6 for the 1959, 1960, or 1961 crops of wheat, the Secretary  
7 shall also submit on separate ballots the question whether  
8 farmers favor a marketing certificate program under this  
9 subtitle in lieu of marketing quotas under subtitle B. If  
10 more than one-half of the farmers voting in the referendum  
11 favor such marketing certificate program, the Secretary shall,  
12 prior to the effective date of the national marketing quota  
13 proclaimed under subtitle B, suspend the operation of such  
14 quota and place into effect a marketing certificate program  
15 for that crop and any subsequent wheat crops harvested in  
16 the years 1959, 1960, and 1961 under the provisions of this  
17 subtitle, in which event marketing quotas and the provisions  
18 of title II of this Act relating thereto, except as otherwise  
19 provided in this section, shall not thereafter be in effect for  
20 such crops of wheat: *Provided*, That, whenever a marketing  
21 certificate program is in effect, the wheat marketing quota  
22 provisions and penalties shall remain in effect with respect  
23 to prior crops of wheat in the same manner as if marketing  
24 quotas were in effect for the current crop of wheat, and the



1 Secretary may, by regulation, prescribe the method for col-  
2 lecting penalties on any such wheat.

3 "PRICE SUPPORT

4 "SEC. 379k. Notwithstanding any other provision of  
5 law—

6 "(a) whenever a wheat marketing certificate pro-  
7 gram under this subtitle is in effect, price support for  
8 wheat shall be determined in accordance with the  
9 provisions of subsection (b) of this section;

10 "(b) the Secretary of Agriculture is authorized to  
11 make available through loans, purchases, or other opera-  
12 tions, price support to producers of wheat who are co-  
13 operators. The amount, terms, conditions, and extent  
14 of such price-support operations shall be determined by  
15 the Secretary, except that the level of such support  
16 shall be determined after taking into consideration the  
17 following factors: (1) the supply of the commodity in  
18 relation to the demand therefor, (2) the price levels  
19 at which corn and other feed grains are being supported  
20 and the feed value of such grains in relation to wheat,  
21 (3) the provisions of any international agreement  
22 approved by the Congress or ratified by the Senate  
23 relating to wheat to which the United States is a party,  
24 (4) foreign trade policies of friendly wheat exporting

1 countries, and (5) other factors affecting international  
2 trade in wheat including exchange rates and currency  
3 regulations;

4 “(c) compliance by the producer with acreage  
5 allotments may be prescribed and required by the Secre-  
6 tary as a condition of eligibility for price support and  
7 for the receipt of wheat marketing certificates. Acreage  
8 allotments shall be established in accordance with the  
9 provisions of subtitle B, part III of this Act;

10 “(d) notwithstanding any other provision of law,  
11 no producer of wheat shall receive certificates for a num-  
12 ber of bushels in excess of the number obtained by  
13 multiplying the acreage actually planted to wheat for  
14 harvest as grain by the normal yield;

15 “(e) any farmer who is dissatisfied with his farm  
16 acreage allotment may have such acreage allotment  
17 reviewed in accordance with the procedures prescribed  
18 by sections 363 to 368, inclusive, for reviewing market-  
19 ing quotas.”

## 20 TITLE VI—MILK

21 SEC. 601. Section 201 of the Agricultural Act of 1949,  
22 as amended, is amended by adding at the end thereof the  
23 following:

24 “(d) Notwithstanding any other provision of law, the  
25 Secretary shall, through the Commodity Credit Corporation,



1 by means of payments, support the price to producers of  
2 milk and butterfat used in manufactured dairy products at  
3 not less than 90 per centum of the parity equivalent  
4 price during the marketing years ending March 31, 1960,  
5 March 31, 1961, and March 31, 1962: *Provided*, That  
6 the Secretary may reduce the level of price support  
7 for any such marketing year by 3 per centum of the  
8 parity equivalent price for each 1 per centum of mar-  
9 keting base by which the Federal Dairy Board estab-  
10 lishes marketing quotas for such marketing year above  
11 the lowest quota authorized by subparagraph (3) (A)  
12 hereof: *Provided further*, That the total amount of pay-  
13 ments to producers for any marketing year shall not  
14 exceed an amount equivalent to the total amount of com-  
15 pliance deposits forfeited by producers in the same marketing  
16 year.

17 “(1) Not later than March 1 of each calendar year,  
18 the Federal Dairy Board (hereinafter referred to as the  
19 “Board”) shall estimate and determine for the marketing  
20 year starting in that calendar year the average market price  
21 of milk used in manufactured dairy products which would  
22 be received by farmers in the absence of any Federal price-  
23 support operations. If the Board determines that such price  
24 will be less than 90 per centum of the probable parity

1 equivalent price therefor, it may establish as a condition of  
2 eligibility for price-support payments for such marketing  
3 year a requirement that producers comply with such market-  
4 ing quotas as may be established for each individual dairy  
5 farm.

6       “(2) The Secretary shall establish a base for each pro-  
7 ducer desiring to market milk or butterfat. Bases shall be  
8 assigned to producers, including partnerships, corporations,  
9 or other business entities, and not to herds or farms. The  
10 Secretary shall provide by rules or regulations for the trans-  
11 fer of bases in whole or in part, for the assignment of bases  
12 to new producers, for the equitable adjustment of bases to  
13 avoid hardship, for such other adjustments consistent with  
14 the objectives of this Act as he deems appropriate, including  
15 adjustments for deficit production areas, and for such other  
16 matters as may be necessary or appropriate to set up and  
17 operate effectively and efficiently the program herein au-  
18 thorized. In establishing such bases the Secretary shall  
19 take into consideration historical production, trends, abnor-  
20 mal production during the historical period, and such other  
21 factors as may be appropriate to establish such bases in an  
22 equitable and practical manner. Bases established by the  
23 Secretary shall continue in effect from year to year, but  
24 such bases shall be subject to modification and adjustments  
25 from time to time.



1       “(3) When marketing quotas are required under pro-  
2 visions of paragraph (1) above the marketing quota for  
3 each farm may be calculated by deducting not to exceed  
4 2 per centum from the farm marketing base for each 5 per  
5 centum by which the Board estimates that the average mar-  
6 ket price of milk used in manufactured dairy products would  
7 be below 90 per centum of the parity equivalent price, in  
8 the absence of any Federal price support operations.

9       (4) When marketing quotas are required, compliance  
10 deposits of not less than 25 cents nor more than 50 cents  
11 per hundredweight of milk, as determined by the Board to  
12 be the amount required to encourage compliance with  
13 marketing quotas, shall be withheld from and shall be col-  
14 lected from each producer who sells milk, butterfat, or dairy  
15 products. Every person purchasing milk, butterfat, or dairy  
16 products from a producer (except purchases by consumers  
17 for other than commercial uses) shall withhold from the  
18 purchase price an amount equal to the compliance deposit  
19 and shall remit the same to the Commissioner of Internal  
20 Revenue. For the purposes of this section, milk, butterfat,  
21 or dairy products delivered by a producer to a cooperative  
22 association of producers shall be subject to the withholding  
23 of the deposit upon such delivery. Returns shall be filed  
24 and remittances made monthly by such purchasers in accord-  
25 ance with rules prescribed by the Commissioner. The Com-

1   missioner of Internal Revenue shall collect the compliance  
2   deposits provided for herein and shall prescribe such rules  
3   and regulations as may be necessary to accomplish that  
4   purpose. Compliance deposits collected shall be credited  
5   to a special account of the Secretary Agriculture to make  
6   refunds to milk producers who comply with marketing  
7   quotas as provided herein. The Secretary of Agriculture,  
8   annually prior to July 1 following the close of the immedi-  
9   ately preceding marketing year, shall issue drafts on such  
10   special account to refund to each producer who complies with  
11   his marketing quota the entire amount of the compliance  
12   deposit withheld from such producer. The Secretary shall  
13   release to the Treasurer of the United States the total of  
14   compliance deposits of each producer who exceeded his  
15   marketing quota.

16       “(5) A price-support deficiency payment shall be paid  
17   on all sales of milk and butterfat for manufacturing to each  
18   individual producer who complies with his marketing quota  
19   and shall be such as, within the limitations of the second  
20   proviso of the first sentence hereof, the Secretary determines  
21   to be sufficient, when added to the State average price re-  
22   ceived by producers for milk and butterfat used for manu-  
23   factured dairy products, to equal a total return of not less than



1 the support level established pursuant to this subsection for  
2 milk and butterfat used for manufactured dairy products on  
3 milk sold for manufacturing purposes for that State. Such  
4 payments shall be made to producers prior to July 1 next  
5 following the close of the marketing year. The Secretary  
6 shall calculate the monthly average net price received  
7 for milk and butterfat used in manufactured dairy products  
8 received in each State, using the price at the point  
9 of first sale out of the producers' hands. A producer who  
10 sells milk under the terms of a Federal milk order and who  
11 complies with his marketing quota shall be eligible for a  
12 payment on milk diverted into manufactured dairy products.

13 “(6) In December 1958, the Secretary shall conduct  
14 a nationwide referendum of milk producers to determine  
15 whether those voting approve the provisions of this sub-  
16 section. If more than one-half of the producers voting  
17 in the referendum oppose this subsection, this subsection  
18 shall not be placed into effect and the price-support opera-  
19 tions of the Secretary under subsection 201 (c) of the  
20 Agricultural Act of 1949 with respect to milk and dairy  
21 products shall remain in effect. The Secretary shall conduct  
22 the referendum, prescribing such rules and regulations as  
23 may be necessary. Only milk producers shall be eligible to

- 1 vote. Any milk producer shall have only one vote and  
 2 shall vote as an individual, rather than as a business entity.  
 3 The ballot shall be in the following form:

---

“UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICIAL BALLOT

NATIONAL REFERENDUM OF MILK PRODUCERS

---

Mark this square if you favor—

- Establishment of a dairy income protection program, utilizing  
 deficiency payments, compliance deposits, and marketing quotas  
☐ based on 90 per centum of the parity equivalent price, in addition  
 to Government purchases, storage and diversion as provided in  
 the Agricultural Act of 1958.
- 

Mark this square if you favor—

- Continuation of price support utilizing Government purchases,  
☐ storage and diversion with support at 75 to 90 per centum of the  
 parity equivalent price, as provided by section 201 (c) of the  
 Agricultural Act of 1949.
- 

- 4 “The price support operations of the Secretary under  
 5 subsection 201 (c) of this Act with respect to milk and  
 6 dairy products shall be suspended after the first six months  
 7 during which this Act shall be in effect, and remain sus-  
 8 pended during any subsequent marketing year during which  
 9 this Act shall be in effect.

10 “FEDERAL DAIRY BOARD

- 11 “(7) There is created in the Department to make the  
 12 determinations and perform the functions provided in this  
 13 subsection, a Federal Dairy Board consisting of fifteen mem-  
 14 bers to be appointed by the President after receiving nomi-  
 15 nations from milk producers as provided herein. Only per-



1 sons who are milk producers shall be eligible to serve on  
2 the Board.

3 “(A) In order to secure appropriate regional repre-  
4 sentation on the Board, the United States shall be divided  
5 into fifteen Federal dairy districts to be designated by the  
6 Secretary. In designating such districts, the Secretary shall  
7 give consideration to (1) complete geographical representa-  
8 tion of the United States and (2) the designation of dis-  
9 tricts, so that districts will be areas having equal annual sales  
10 of milk and butterfat, as nearly as possible without dividing  
11 any county into two or more districts.

12 “(B) Each Federal dairy district shall be assigned one  
13 place on the Board. The milk producers in each district  
14 shall by ballot select three nominees for the place on the  
15 Board assigned to their district. Each milk producer shall  
16 be entitled to submit one name for nominee for the place  
17 on the Board to be filled from his district. The three candi-  
18 dates receiving the highest number of votes for nominee for  
19 each respective place on the Board shall be nominees for  
20 appointment to such place. The Secretary shall conduct an  
21 election of nominees between January 1 and January 15,  
22 1959, and shall conduct any subsequent elections for the  
23 selection of such nominees, prescribe such rules and regula-  
24 tions as he may consider necessary in the administration of

1 the duties assigned herein, determine all questions involving  
2 the qualifications of such nominees, members of the Board,  
3 or milk producers, resolve all tie votes for such nominees,  
4 and certify such nominees to the President. The decision  
5 of the Secretary in all such matters shall be final. The three  
6 nominees so selected for each place on the Board shall be  
7 received by the President, who shall select one of the three  
8 nominees for appointment to each place on the Board for  
9 which such nominees were selected. In making appoint-  
10 ments to the Board, the President shall give careful consid-  
11 eration to securing an equitable representation of the various  
12 forms in which milk and its products are sold.

13 “(C) Terms of Board members shall expire on June 30,  
14 1962. Board members may be removed for cause or in-  
15 eligibility by the President. Vacancies on the Board may  
16 be filled for the unexpired terms by appointment by the  
17 President, taking into consideration the nominees from which  
18 the original appointment was made, or, in the discretion of  
19 the President, in the manner herein prescribed for the ap-  
20 pointment of members for a regular term. Vacancies on the  
21 Board shall not impair the power of the remaining members  
22 to exercise all the powers of the Board, except that in no  
23 event shall the Board be empowered to act unless eight or  
24 more places on the Board are filled. Each member of the  
25 Board, other than the Secretary or the Secretary’s represent-



1   ative, shall receive a per diem of \$50 for each day's attend-  
2   ance at meetings of the Board and while traveling to and  
3   from said meetings, together with actual, necessary travel  
4   subsistence, and other expenses incurred in the discharge of  
5   his official duties without regard to other laws with respect  
6   to allowances which may be made on account of travel and  
7   subsistence expenses of officers and employed personnel of  
8   the United States. The Secretary, or an official of the De-  
9   partment designated by him, shall be an ex officio member  
10  of the Board. He shall meet and confer with the Board but  
11  shall not be entitled to vote.

12       “(D) The Board shall meet as soon as practicable fol-  
13  lowing their initial appointment, and thereafter, annually  
14  on the second Monday in December and at other times upon  
15  the call of the Chairman. In addition, special meetings of  
16  the Board may be called at any time by a majority of the  
17  members of the Board in office, or by the Secretary. The  
18  Board shall meet at least once in each calendar quarter of  
19  each year.

20       “(E) The Chairman of the Board shall be selected by  
21  the Board. He shall hold office for a term of one calendar  
22  year and until his successor shall have been selected and  
23  shall have taken office. Vacancies in the office of the Chair-  
24  man of the Board shall be filled for the unexpired term by  
25  the Board

1       “(F) A majority of the members of the Board in office  
2 shall constitute a quorum, and action may be taken by a  
3 majority vote of those present at any regular or special  
4 meeting at which a quorum is present. The findings and  
5 determinations of the Board made under the authority of this  
6 section shall be final and conclusive. The Board may adopt,  
7 alter, and use an official seal which shall be judicially  
8 noticed. It may adopt rules and regulations governing the  
9 manner in which its business may be conducted and its  
10 powers may be exercised.

11       “(G) The Federal Dairy Board is directed, in addition  
12 to its other duties, to cause to be made a comprehensive  
13 study of the production and marketing of manufacturing  
14 milk, including producers' costs of production, prices received  
15 by farmers, areas of production, the relationship between  
16 changes in the farm price of butterfat and milk for manu-  
17 facturing and changes in the volume of market supply of  
18 each commodity, the relationship between changes in na-  
19 tional income and changes in the volume of consumption of  
20 manufactured dairy products, marketing and processing  
21 spreads, relationship between prices received by farmers for  
22 milk used for fluid consumption and that used for manufactur-  
23 ing, returns to milk producers on capital investment and  
24 labor relative to other farmers and other segments of the na-  
25 tional economy, and trends in these factors; and shall submit



1 to Congress not later than January 3, 1961, a detailed report  
2 thereon with recommendations for legislation related to the  
3 protection of producers' returns on and market supply man-  
4 agement of butterfat and milk for manufacturing, including  
5 programs to be operated and financed by diarmen, covering  
6 the probable costs and effects of the proposals recommended  
7 and the legislation required to put the proposal into effect.  
8 The Federal Dairy Board may conduct such hearings and  
9 receive such statements and briefs in connection with such  
10 study as it deems appropriate.

11 " (H) The Secretary is directed to make available to the  
12 Federal Dairy Board the services of such of the facilities and  
13 personnel of the Department of Agriculture as it may require  
14 for the appropriate conduct of its duties."

15 ANNOUNCEMENT OF SUPPORT LEVEL

16 SEC. 602. Section 406 of the Agricultural Act of 1949,  
17 as amended, is amended by adding at the end thereof the  
18 following new sentence: "In announcing the price support  
19 level for milk and butterfat, the Secretary shall announce a  
20 corresponding support price for manufacturing milk contain-  
21 ing 3.5 per centum milk fat."

22 CERTIFICATION THAT SUPPORT PRICE WAS PAID TO  
23 PRODUCER

24 SEC. 603. The second sentence of subsection (c) of sec-  
25 tion 201 of the Agricultural Act of 1949, as amended, is

1 amended to read as follows: "Such price support shall be  
2 provided through loans on, or purchases of, milk and the  
3 products of milk and butterfat and the Secretary shall require  
4 of the vendor of any such products purchased under this  
5 section a certification that producers were paid the price  
6 support in effect at the time of purchase for the milk or  
7 butterfat used in the products purchased."

8                   EXTEND SCHOOL MILK PROGRAM

9       SEC. 604. The last sentence of section 201 (c) of the  
10 Agricultural Act of 1949, as amended (7 U. S. C. 1446), is  
11 amended by striking out the word "two" and by striking out  
12 "1958" and inserting in lieu thereof "1961".

13                   EXTEND VETERANS AND ARMED SERVICES MILK PROGRAM

14       SEC. 605. The first sentence of section 202 (a) of the  
15 Agricultural Act of 1949, as amended (7 U. S. C. 1446a),  
16 is amended by striking out "1958" and inserting in lieu  
17 thereof "1961".

18       SEC. 606. Subsection (b) of section 202 of the Agricul-  
19 tural Act of 1949 (7 U. S. C. 1446a) is amended by strik-  
20 ing out "1958" and inserting in lieu thereof "1961", by  
21 striking out "of the Army, Navy, or Air Force, and as a  
22 part of the ration" and inserting in lieu thereof "(1) of the  
23 Army, Navy, Air Force, or Coast Guard, (2)", and by  
24 inserting before the period at the end of the first sentence



1 of such subsection the following: “, and (3) of cadets and  
2 midshipmen at, and other personnel assigned to, the United  
3 States Merchant Marine Academy”.

#### 4 PRICE SUPPORT DETERMINATION

5 SEC. 607. Section 201 (c) of the Agricultural Act of  
6 1949, as amended, is amended by striking out of the first  
7 sentence thereof the words “necessary in order to assure an  
8 adequate supply”.

#### 9 TITLE VII—FEED GRAINS

10 SEC. 701. This title may be cited as the “Feed Grains  
11 Act of 1958”.

#### 12 SUSPENSION OF COMMERCIAL CORN AREA AND CORN

#### 13 ALLOTMENTS

14 SEC. 702. The provisions of sections 321, 327, 328 and  
15 329 of the Agricultural Adjustment Act of 1938, as  
16 amended, shall be inoperative with respect to the crop years  
17 1959, 1960 and 1961.

#### 18 SUBTITLE I—NATIONAL FEED GRAIN BASE ACREAGE;

#### 19 FARM FEED GRAIN BASE ACREAGE: ACREAGE AL-

#### 20 LOTMENTS: FARM CONSERVATION BASE

21 SEC. 703. The designation of part II of subtitle B of title  
22 III of the Agricultural Adjustment Act of 1938, as amended,  
23 is redesignated as “Part II—Acreage Allotments and Mar-  
24 keting Quotas—Feed Grains”.

1       SEC. 704. The Agricultural Adjustment Act of 1938,  
2 as amended, is amended by adding a new section 322 as  
3 follows:

4       “NATIONAL AND FARM FEED GRAIN BASES; ACREAGE  
5               ALLOTMENTS; CONSERVATION BASE

6       “SEC. 322. (a) Prior to December 1, 1958, the Secre-  
7 tary shall establish for each farm producing feed grains in the  
8 United States a farm feed grain base for 1959, 1960, and  
9 1961. The national feed grain base shall be one hundred and  
10 two million acres. Such national feed grain base shall be ap-  
11 portioned by the Secretary among the States on the basis of  
12 the acreage of feed grains (planted and diverted) in such  
13 States during the years 1955, 1956, and 1957, with adjust-  
14 ments for abnormal weather conditions in the local areas  
15 involved and for trends in acreage during such period and for  
16 the promotion of soil-conservation practices. The feed grain  
17 base for each State shall be apportioned by the Secretary  
18 among the counties on the basis of the acreage of feed grains  
19 (planted and diverted) in such counties during the years  
20 1955, 1956, and 1957, with adjustments for abnormal  
21 weather conditions in the local areas involved and for trends  
22 in acreage during such period and for the promotion of soil-  
23 conservation practices. The feed grain base for the county  
24 shall be apportioned by the Secretary, through the local com-



1 mittees, among the farms within the county on the basis of  
2 past acreage of feed grains (planted and diverted), tillable  
3 acreage, crop rotation practices, type of soil, and topography,  
4 with adjustments for abnormal weather conditions in the local  
5 areas involved and for the promotion of soil-conservation  
6 practices.

7 “(b) Prior to December 1, 1958, the Secretary shall  
8 establish for each farm producing feed grains in the United  
9 States a conservation base included in which shall be the  
10 average of all farm acreage utilized during the years 1955,  
11 1956, and 1957 for farm buildings, private roads, woodlands,  
12 permanent pasture, marshland, and all acreage not in  
13 cultivation, but not including tame hay acreage or rotational  
14 pasture.

15 “(c) For each of the three crop years commenc-  
16 ing January 1, 1959, the Secretary shall determine  
17 the national feed grain acreage allotment which shall be the  
18 acreage required to keep feed grain production in balance  
19 with domestic consumption and exports. For 1959 the na-  
20 tional feed grain acreage allotment shall be eighty-one million  
21 six hundred thousand acres; for 1960 and 1961 the national  
22 feed grain acreage allotment shall be not less than eighty-one  
23 million six hundred thousand acres nor more than ninety-one  
24 million eight hundred thousand acres. The national feed

1 grain acreage allotment shall be announced by the Secretary  
2 not later than November 1 preceding the year for which the  
3 allotment is determined.

4 “(d) The Secretary through the State and local com-  
5 mittees shall apportion the national feed grain acreage allot-  
6 ment among farms on the basis of the average acreage planted  
7 to feed grains and diverted from the production of feed grains  
8 under agricultural adjustment and conservation programs dur-  
9 ing the years 1955, 1956, and 1957, and on the basis of  
10 tillable acreage, crop-rotation practices, type of soil, and  
11 topography, with adjustments for abnormal weather condi-  
12 tions in the local areas involved and for the promotion of  
13 soil conservation practices.

14 “(e) The farm feed grain allotment for any farm for  
15 1959, 1960, and 1961 shall be the allotment as determined  
16 in accordance with the foregoing provisions less the number  
17 of acres, if any, by which the producers on the farm agree,  
18 pursuant to the provisions of the Feed Grains Act of 1958, to  
19 reduce their acreage below their allotment as determined  
20 by the foregoing provisions: *Provided*, That for 1959, 1960,  
21 and 1961 the ratio of the farm feed grain allotment to the  
22 farm feed grain base shall be the same as the ratio of the  
23 national feed grain allotment to the national feed grain base.

24 “(f) The Secretary through the State and local com-  
25 mittees shall apportion not to exceed one hundred thousand



1 acres among farms on which feed grains have not been pro-  
2 duced during any of the years 1955, 1956, and 1957 on  
3 the basis of tillable acres on the farm, type of soil, topography,  
4 taking into consideration the acreage devoted to feed grain  
5 production on adjacent farms during the years 1955, 1956,  
6 and 1957. The acreage so apportioned shall be part of  
7 the national acreage allotment of feed grains.”

#### 8 DEFINITIONS

9 SEC. 705. Section 301 of the Agricultural Adjustment  
10 Act of 1938, as amended, is amended—

11 (a) by amending subsection (a), paragraph (9),  
12 to read as follows:

13 “(9) The term ‘corn’ means field corn raised for grain,  
14 forage, or silage.”;

15 (b) by adding at the end of subsection (a) two  
16 new paragraphs as follows:

17 “(10) The term ‘sorghums’ means all sorghums raised  
18 for grain, forage, or silage.”;

19 “(11) The term ‘feed grains’ means the commodities  
20 corn and sorghum.”;

21 (c) by amending subsection (b), paragraph (1),  
22 subparagraph (A), to read as follows:

23 “(A) ‘Actual production’ as applied to any acreage of  
24 feed grains means the actual average yield for the farm times  
25 such number of acres. For the purposes of determining

1 actual production the 'actual yield' of any acreage of feed  
2 grains shall be the actual average yield of the acreage of  
3 feed grains on the farm.”;

4 (d) by striking out in subsection (b), paragraph  
5 (6), subparagraph (A), the word “corn” wherever it  
6 appears and inserting in lieu thereof the words “feed  
7 grains”;

8 (e) by adding at the end of subsection (b), para-  
9 graph (7), the language “Feed grains, July 1–June  
10 30.”;

11 (f) by striking out in subsection (b), paragraph  
12 (9), the word “corn” and inserting in lieu thereof the  
13 words “feed grains”; and

14 (g) by adding at the end of subsection (b), para-  
15 graph (13), a new subparagraph (H) as follows:

16 “(H) ‘Normal yield’ for any farm in the case of feed  
17 grains shall be the average yield per acre of feed grains for  
18 the farm during the calendar years 1955, 1956, and 1957,  
19 adjusted for abnormal weather conditions in the local areas  
20 involved. If for any such year the data are not available or  
21 there is no actual yield then the normal yield for the farm  
22 shall be appraised in accordance with regulations issued by



1 the Secretary, taking into consideration abnormal weather  
2 conditions as aforesaid, the yield obtained on adjacent farms  
3 during such year and the yield in years for which the data  
4 are available. Where both corn and sorghums have been  
5 produced on the same farm during such three-year period  
6 a separate normal yield shall be established for corn and for  
7 sorghums on the basis of the applicable factors in the pre-  
8 ceding sentences of this subparagraph and the normal yield  
9 for the farm shall be determined by computing the average  
10 of the corn and sorghums yields so determined weighted by  
11 the actual acreages of corn and sorghums on the farm for  
12 the year for which the normal yield is determined. Where  
13 there is no acreage of feed grains on the farm for the year  
14 for which the yield is determined, the normal yield for  
15 such a farm shall be the average of the normal yields for  
16 corn and sorghums weighted by the acreages which it is  
17 determined by the county committee were contributed to  
18 the farm acreage allotment of feed grains for such year by  
19 the production in prior years of corn and sorghums.”

20 SEC. 706. The Agricultural Adjustment Act of 1938,  
21 as amended, is amended—

22 (a) by striking out in section 361 the word “corn”

1       and inserting in lieu thereof the words "feed grains";

2           (b) by striking out the word "corn" wherever it  
3       appears and by inserting in lieu thereof in section 371,  
4       subsections (a) and (b) the words "feed grains,";

5           (c) by adding in section 372, subsection (a), im-  
6       mediately following the word "cotton," the words "feed  
7       grains,";

8           (d) by striking out in section 373, subsections (a)  
9       and (b), the word "corn," wherever it appears, and  
10      inserting in lieu thereof the words "feed grains,";

11          (e) by striking out in section 374, subsection (a),  
12      the word "corn," and inserting in lieu thereof the  
13      words "feed grains,"; and

14          (f) by adding in section 374, subsection (c),  
15      immediately following the word "commodity", the  
16      words "or feed grains".

17          (g) by striking out in section 375, subsection (a),  
18      the word "corn" and inserting in lieu thereof the words  
19      "feed grains".

20      SEC. 707. The Agricultural Adjustment Act of 1938 as  
21      amended, is amended by adding a new section 323 as  
22      follows:



1           “AMOUNT OF FARM MARKETING QUOTAS

2           “SEC. 323. The farm marketing quota for any crop of  
3 feed grains shall be the actual production of feed grains on the  
4 farm less the normal production of the acreage planted to  
5 feed grains on the farm in excess of the farm acreage allot-  
6 ment. The normal production from such excess acreage shall  
7 be known as the ‘farm marketing excess’: *Provided*, That  
8 the farm marketing excess shall not be larger than the amount  
9 by which the actual production of feed grains on the farm  
10 exceeds the normal production of the farm acreage allotment  
11 if the producer establishes such actual production to the satis-  
12 faction of the Secretary.”

13           SEC. 708. The Agricultural Adjustment Act of 1938, as  
14 amended, is amended by adding a new section 324 as  
15 follows:

16                           “PENALTIES

17           “SEC. 324. (a) Whenever farm marketing quotas are  
18 in effect with respect to any crop of feed grains, the producer  
19 shall be subject to a penalty on the farm marketing excess  
20 at the rate of \$1 per bushel.

21           “(b) The farm marketing excess of feed grains shall be  
22 regarded as available for marketing and the amount of pen-

1 alty shall be computed upon the normal production of the  
2 acreage on the farm planted to feed grains in excess of the  
3 farm acreage allotment. If a downward adjustment in the  
4 amount of the farm marketing excess is made pursuant to the  
5 proviso in section 323, the difference between the amount of  
6 the penalty computed upon the farm marketing excess before  
7 such adjustment and as computed upon the adjusted market-  
8 ing excess shall be returned to or allowed the producer.

9       “(c) The person liable for payment or collection of  
10 the penalty shall be liable also for interest thereon at the  
11 rate of 6 per centum per annum from the date the penalty  
12 becomes due until the date of payment of such penalty.

13       “(d) Until the penalty on the farm marketing excess  
14 is paid, all feed grain produced on the farm and marketed  
15 by the producer shall be subject to the penalty provided  
16 by this section and a lien on the entire crop of feed grains  
17 produced on the farm shall be in effect in favor of the United  
18 States.

19       “(e) A farm marketing quota on feed grains shall not  
20 be applicable to any farm on which the acreage planted  
21 to feed grains does not exceed the highest acreage planted



1 to feed grains during the years 1955, 1956, and 1957, but  
2 not in excess of thirty acres unless the feed grain producers  
3 on the farm apply to reduce the acreage of feed grains on  
4 the farm pursuant to the provisions of the Feed Grains Act  
5 of 1958.

6 “(f) Producers who knowingly and falsely certify as to  
7 their eligibility to vote in the referendum conducted pursu-  
8 ant to subtitle II of the Feed Grains Act of 1958 shall be  
9 guilty of a misdemeanor and upon conviction shall be fined  
10 not less than \$100 nor more than \$500.”

11 SEC. 709. This subtitle shall become inoperative if more  
12 than 50 per centum of the producers voting on part I of the  
13 ballot in the referendum provided for in subtitle II of this  
14 title favor no program on feed grains for the years 1959,  
15 1960, and 1961, or if more than 50 per centum of the pro-  
16 ducers voting on part II of the ballot in such referendum  
17 favor the program provided for in subtitle IV of this title.

18 SUBTITLE II—NATIONAL REFERENDUM

19 SEC. 710. Not later than December 15, 1958, the  
20 Secretary shall conduct a referendum of producers on farms

1 for which a 1959 feed grain base of more than thirty acres  
2 has been established.

3 Producers on farms for which a feed grain base of  
4 thirty acres or more has been established by the Secretary  
5 pursuant to this title shall be eligible to vote in the refer-  
6 endum conducted pursuant to this subtitle: *Provided*, That  
7 producers of any one of the crops of oats, or rye, or barley  
8 shall be eligible to vote in the referendum conducted pursuant  
9 to this subtitle if such producers certify in writing to the  
10 Secretary that they have devoted an average of thirty acres  
11 during 1955, 1956, and 1957 to the production of any one  
12 of the crops of oats, or rye, or barley. Such referendum shall  
13 be held to determine for the 1959, 1960, and 1961 crops  
14 of feed grains (1) whether such producers favor any price  
15 support program for feed grains, and (2) whether they favor  
16 the price support program as provided for in subtitle III  
17 hereof or whether they favor the price support program pro-  
18 vided for in subtitle IV hereof. If more than 50 per centum  
19 of the eligible producers voting in such referendum favor  
20 a price support program for feed grains, and if more than



1 50 per centum of such eligible producers favor the program  
2 set forth in subtitle III of this title, subtitle III shall  
3 become operative. If more than 50 per centum of the  
4 eligible producers voting in such referendum favor a price  
5 support program for feed grains and if more than 50 per  
6 centum of such eligible producers favor the program set  
7 forth in subtitle IV of this title, subtitle IV shall become  
8 operative.

9 SEC. 711. The following form of ballot shall be used in  
10 conducting such referendum:





## FEED GRAIN REFERENDUM BALLOT

REGARDING CORN AND GRAIN SORGHUMS PROGRAM FOR 1959, 1960, AND  
1961

### PART I

Public Law —, "The Feed Grains Act of 1958," provides that the United States Department of Agriculture conduct a referendum among the eligible producers of corn and grain sorghums to determine whether a majority of the producers of such grains voting in the referendum favor a price support program for these grains as set out in part II of this ballot.

Vote by checking one or the other :

- (1) I vote for "A program of price support." ☐  
(2) I vote for "No program." ☐

If a majority of those voting on part I have voted in favor of "no program" as submitted above, the vote on part II shall be of no effect.

If a majority of those voting on part I have voted in favor of "a program of price support," as submitted above, the Secretary shall carry out the program below which receives a majority of the votes cast on part II.

(VOTE IN PART II REGARDLESS OF HOW YOU VOTED IN PART I IF YOU  
SO DESIRE)

### PART II

Public Law — also requires that in the referendum a determination be made as to which of the programs indicated below is favored by a majority of the producers voting on this part II.

Vote by checking one or the other :

- (1) I vote for "A program" as established by subtitle III of the Act. ☐  
(2) I vote for "A program" as established by subtitle IV of the Act. ☐





1        SEC. 712. If more than 50 per centum of the producers  
2 voting on part I of the ballot in the referendum favor no  
3 price support program for feed grains, no acreage allotments  
4 or marketing quotas shall be in effect for the 1959, 1960, and  
5 1961 crops of feed grains and no price support shall be made  
6 available for such crops of feed grains.

7        SUBTITLE III—ACREAGE CONTROLS, PAYMENTS TO PRO-  
8        DUCERS, AND PRICE SUPPORT AT 80 PER CENTUM OF  
9        PARITY

10       SEC. 713. If more than 50 per centum of the producers  
11 voting on part I of the ballot in the referendum held pur-  
12 suant to subtitle II vote in favor of a price support pro-  
13 gram for feed grains and more than 50 per centum of the  
14 producers voting on part II of the ballot in such referendum  
15 favor the price support program as provided in this subtitle—

16            (a) acreage allotments and marketing quotas shall  
17            be in effect for feed grains as provided for in subtitle I  
18            hereof;

19            (b) the producers on a farm for which the 1959,  
20            1960, and 1961 feed grain allotment computed without  
21            regard to the provisions of section 322 (e) of the Agri-  
22            cultural Adjustment Act of 1938, as amended (herein-

1 after referred to as the "computed acreage allotment")  
2 is thirty acres or more may, at their election, reduce their  
3 acreage of feed grains in an amount not to exceed 50 per  
4 centum of their farm feed grain base and receive compen-  
5 sation therefor as hereinafter provided. Also the pro-  
6 ducers on a farm for which the 1959, 1960, and 1961  
7 feed grain computed acreage allotment is less than thirty  
8 acres may, at their election, apply to reduce their acre-  
9 age of feed grains below their farm feed grain base by  
10 not less than 20 per centum up to 100 per centum of  
11 their farm feed base and receive compensation for such  
12 reduction, in which event the provisions of subtitle I  
13 hereof shall apply to such farm as fully as if such farm  
14 had a computed acreage allotment of more than thirty  
15 acres;

16 (c) producers on a farm for which the 1959, 1960,  
17 and 1961 computed acreage allotment is thirty acres or  
18 more and the producers on a farm for which the 1959,  
19 1960, and 1961 computed acreage allotment is less than  
20 thirty acres who elect to reduce their acreage of feed  
21 grains pursuant to subsection (b) above, shall be com-  
22 pensated for reducing their 1959, 1960, and 1961 acre-  
23 age of feed grains below their farm feed grain base and  
24 for diverting the same acres to the farm conservation  
25 base. To be eligible for such compensation the producer



(1) shall not exceed his farm feed grain allotment, (2) shall increase his farm conservation base by an acreage equal to the number of acres by which he reduces his feed grains below his farm feed grain base, (3) shall carry out a conservation practice, approved by the Secretary, on an acreage equal to the number of acres by which he reduces his feed grains below his farm feed grain base, and (4) shall neither harvest nor pasture any acreage so diverted: *Provided*, That nothing in this title shall be construed to impair the eligibility of any acres diverted under this title for payments under the Agricultural Conservation Payment Program. The amount of such compensation shall be determined by multiplying the number of acres of feed grains diverted from the farm feed grain base to the farm conservation base pursuant to this title by 66 per centum of the normal yield of feed grains established for the farm by 80 per centum of the parity price of corn. Such compensation shall be paid as follows:

(1) for 1959 not more than 50 per centum, and for 1960 and 1961 not less than 50 per centum of such compensation shall be paid through negotiable certificates, and which the Commodity Credit Corporation shall redeem in corn, sorghum, oats, rye, or barley in accordance with regulations prescribed by the Secretary: *Provided*,

1 That if the Commodity Credit Corporation does not have  
2 sufficient stocks of such grains or if it is not practicable  
3 to redeem any such certificates in such grains, the cer-  
4 tificates shall be redeemed in cash, and

5 (2) the remainder of such compensation shall be  
6 paid through negotiable certificates redeemable in cash.

7 Notwithstanding any provision hereof the total amount  
8 of compensation shall not exceed the equivalent of \$75  
9 per acre.

10 The facts constituting the basis for any compensation  
11 or the amount thereof authorized to be made under this  
12 section when officially determined in conformity with  
13 applicable regulations prescribed by the Secretary shall  
14 be final and conclusive. The Secretary shall prescribe  
15 such regulations as he determines necessary to carry out  
16 the provisions of this section;

17 (d) the level of price support for the 1959, 1960,  
18 and 1961 crop of feed grains shall be 80 per centum of  
19 parity;

20 (e) For such period price supports shall be made  
21 available for oats, rye, and barley at such level as the  
22 Secretary determines is fair and reasonable in relation  
23 to the level at which price support is made available  
24 for corn, taking into consideration the feeding value of  
25 such commodity in relation to corn, the normal price



1 relationship between such commodity and corn, the lo-  
2 cation and storability of the commodity, and other  
3 relevant factors.

4 (f) no producer shall be eligible for price support  
5 on any commodity for any year in which the planted  
6 acreage of feed grains on the farm exceeds the farm  
7 feed grain allotment, except that this provision shall not  
8 apply in the case of any commodity with respect to  
9 which the Secretary determines is impracticable to apply  
10 such provision. For the purpose of this subsection, a  
11 producer shall not be deemed to have exceeded his farm  
12 feed grain allotment unless such producer knowingly  
13 exceeded such allotment.

14 SUBTITLE IV—PRICE SUPPORTS BASED ON PREVIOUS  
15 WEIGHTED THREE-YEAR MARKET

16 SEC. 714. If more than 50 per centum of the producers  
17 voting on part I of the ballot in the referendum favor a price  
18 support program for feed grains, and more than 50 per  
19 centum of the producers voting on part II of the ballot in  
20 such referendum favor the program as provided for in this  
21 subtitle—

22 (a) For the 1959, 1960, and 1961 crops of corn,  
23 the level of price support shall be 90 per centum of  
24 the average prices during the three calendar years im-  
25 mediately preceding the calendar year in which the

1 marketing year for such crop begins. The average shall  
2 be determined upon the basis of the prices received by  
3 farmers.

4 (b) For 1959, 1960, and 1961, price support shall  
5 be made available for oats, rye, barley, and grain sor-  
6 ghums at such level as the Secretary of Agriculture de-  
7 termines is fair and reasonable in relation to the level  
8 at which price support is made available for corn, taking  
9 into consideration the feeding value of such commodity  
10 in relation to corn, the normal price relationship between  
11 such commodity and corn, the location and storability  
12 of the commodity, and other relevant factors.

13 SUBTITLE V—GENERAL PROVISIONS

14 SEC. 715. If any provision of this title is declared un-  
15 constitutional, or the applicability thereof to any person,  
16 circumstance, or commodity is held invalid, the validity of  
17 the remainder of this title and the applicability thereof to  
18 other persons, circumstances, or commodities shall not be  
19 affected thereby.

20 SEC. 716. The Secretary is authorized to utilize the fa-  
21 cilities, funds, services, and authorities of the Commodity  
22 Credit Corporation in carrying out the provisions of this title.



## TITLE VIII—MISCELLANEOUS

SEC. 801. The Agricultural Adjustment Act of 1938, as amended, is amended by adding after section 377 the following new section:

“SEC. 378. (a) Notwithstanding any other provision of this Act, the allotment determined for any commodity for any land from which the owner is displaced because of acquisition of the land for any purpose by any Federal, State, or other agency having the right of eminent domain shall be place in an allotment pool and shall be available only for use in providing allotments for other farms owned by the owner so displaced. Upon application to the county committee, within three years after the date of such displacement, or three years after the enactment of this Act, whichever period is longer, any owner so displaced shall be entitled to have established for other farms owned by him allotments which are comparable with allotments determined for other farms in the same area which are similar except for the past acreage of the commodity, taking into consideration the land, labor, and equipment available for the production of the commodity, crop-rotation practices, and the soil and other physical factors affecting the production of the commodity: *Provided*, That the acreage used to establish or increase the allotments for such farms shall be transferred from the pool and shall not exceed the allot-

1 ment most recently established for the farm acquired from  
2 the applicant and placed in the pool. During the period  
3 of eligibility for the making of allotments under this section  
4 for a displaced owner, acreage allotments for the farm  
5 from which the owner was so displaced shall be established  
6 in accordance with the procedure applicable to other farms,  
7 and such allotments shall be considered to have been fully  
8 planted. After such allotment is made under this section,  
9 the proportionate part, or all, as the case may be, of the  
10 past acreage used in establishing the allotment most recently  
11 placed in the pool for the farm from which the owner was  
12 so displaced shall be transferred to and considered for the  
13 purposes of future State, county, and farm acreage allot-  
14 ments to have been planted on the farm to which allotment  
15 is made under this section. Except where paragraph (c)  
16 requires the transfer of allotment to another portion of the  
17 same farm, for the purpose of this section (1) that part of  
18 any farm from which the owner is so displaced and that  
19 part from which he is not so displaced shall be considered  
20 as separate farms; and (2) an owner who voluntarily  
21 relinquishes possession of the land subsequent to its acqui-  
22 sition by an agency having the right of eminent domain shall  
23 be considered as having been displaced because of such  
24 acquisition.

25     “(b) The provisions of this section shall not be ap-



1 plicable if (1) there is any marketing quota penalty due  
2 with respect to the marketing of the commodity from the  
3 farm acquired by the Federal, State, or other agency or  
4 by the owner of the farm; (2) any of the commodity pro-  
5 duced on such farm has not been accounted for as required  
6 by the Secretary; or (3) the allotment next established  
7 for the farm acquired by the Federal, State, or other agency  
8 would have been reduced because of false or improper  
9 identification of the commodity produced on or marketed  
10 from such farm or due to a false acreage report.

11 “(c) This section shall not be applicable, in the case of  
12 cotton, tobacco, and peanuts, to any farm from which the  
13 owner was displaced prior to 1950, in the case of wheat and  
14 corn, to any farm from which the owner was displaced prior  
15 to 1954, and in the case of rice, to any farm from which the  
16 owner was displaced prior to 1955. In any case where the  
17 cropland acquired for nonfarming purposes from an owner  
18 by an agency having the right of eminent domain represents  
19 less than 15 per centum of the total cropland on the farm,  
20 the allotment attributable to that portion of the farm so  
21 acquired shall be transferred to that portion of the farm not so  
22 acquired.”

23 “(d) Sections 313 (h), 334 (d), 344 (h), and 358  
24 (h) of the Agricultural Adjustment Act of 1938, as  
25 amended, are repealed, but any transfer or reassignment of

1 allotment heretofore made under the provisions of these sec-  
2 tions shall remain in effect, and any displaced farm owner  
3 for whom an allotment has been established under such re-  
4 pealed sections shall not be eligible for additional allotment  
5 under subsection (a) of this section because of such displace-  
6 ment.”

7       SEC. 802. Section 405 of the Agricultural Act of 1949  
8 is amended by adding at the end thereof the following:  
9 “There is authorized to be included in the terms and condi-  
10 tions of any such nonrecourse loan a provision whereby on  
11 and after the maturity of the loan or any extension thereof  
12 Commodity Credit Corporation shall have the right to ac-  
13 quire title to the unredeemed collateral without obligation to  
14 pay for any market value which such collateral may have in  
15 excess of the loan indebtedness.”





[Report No. 1939]

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## A BILL

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To extend and amend the Agricultural Trade Development and Assistance Act of 1954; to amend the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the National Wool Act of 1954 with respect to acreage allotment and price support programs for rice, cotton, wool, wheat, milk, and feed grains and for other purposes.

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By Mr. COOLEY

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JUNE 16, 1958

Referred to the Committee on Agriculture

JUNE 19, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued June 26, 1958  
For actions of June 25, 1958  
85th-2d, No. 105

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HIGHLIGHTS: House Rules Committee cleared farm bill. To be debated today. Senate committee ordered reported bill for increased industrial uses of farm products. Senate committee reported measure to extend special milk program for 60 days. House committee ordered reported food stamp bill. Sen. Humphrey spoke against Senate Committee farm bill. Both Houses adopted conference report on State-Justice appropriation bill. Rep. Quie introduced and discussed measure to extend special milk program for 90 days.

## HOUSE

1. FARM PROGRAM. The Rules Committee granted an open rule with 5 hours of debate and waiving points of order against H. R. 12954, the omnibus farm bill. Rep. McCormack announced that debate on the bill will begin today, June 26. pp. 11106, D594, 11088
2. FOOD STAMPS. The Agriculture Committee ordered reported H. R. 13054, to direct the Secretary to establish a food stamp plan. p. D593
3. APPROPRIATIONS. Agreed to the conference report on H. R. 12428, the State-Justice appropriation bill for 1959, and acted on amendments in disagreement. p. 11065  
Conferees were appointed on H. R. 11645, the Labor-HEW appropriation bill for 1959. Senate conferees were appointed June 20. p. 11063



4. **TRANSPORTATION.** The Rules Committee granted an open rule with 2 hours debate on H. R. 12832, to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system. pp. 11105, D594  
Rep. Rogers, Fla., urged adoption of a Senate amendment to H. R. 12695, the excise-tax rate extension bill, which would repeal the tax on transportation. p. 11064
5. **SMALL BUSINESS.** The Banking and Currency Committee ordered reported with amendment S. 3651, to make equity capital and long-term credit more readily available for small-business concerns. p. D593  
Rep. Derounian inserted a constituents's letter commending the work of the Small Business Administration. pp. 11100-01
6. **PROPERTY.** The Government Operations Committee ordered reported H. R. 12165, to extend for 2 years the period for which payments in lieu of taxes may be made on certain real property transferred by RFC to other Government agencies. p. D593
7. **PUBLIC WORKS.** Agreed to the conference report on S. 3910, the rivers and harbors, and flood control authorization bill. The Senate had agreed to the report earlier. This bill will now be sent to the President. pp. 11094-96, 11022-25
8. **RECLAMATION.** The "Daily Digest" states as follows: "Committee on Interior and Insular Affairs: Considered and began reading for amendment H. R. 594, to authorize the construction, operation, and maintenance of the Fryingpan-Arkansas project, Colorado. Thereafter rejected by a vote of 15-5 a motion to recommit the bill to Subcommittee on Irrigation and Reclamation. A point of order was then made and sustained of no quorum and meeting was adjourned." p. D593
9. **BUILDING SPACE.** Agreed to a concurrent resolution, S. Con. Res. 95, authorizing the correction of an error in the enrollment of S. 2533, to authorize GSA to lease space for Federal agencies for periods not exceeding 10 years. p. 11097
10. **NATURAL RESOURCES.** Concurred in the Senate amendments to H. R. 8054, to provide for the leasing of oil and gas deposits in lands beneath nontidal navigable waters in Alaska. This bill will now be sent to the President. pp. 11097-11100
11. **WHEAT.** Rep. Mumma inserted a newspaper article, "Wheatgrowers Favor Quotas for 1959 - Lebanon County Farmers, in Light Ballot, Vote No on Controls Issue." p. 11101
12. **WILDLIFE.** Both Houses received from Interior a proposed bill "to revise the Alaska game law and to provide for the protection of marine mammals on and off the coast of Alaska"; to Interior and Insular Affairs Committees. pp. 10996, 11105.
13. **LEGISLATIVE PROGRAM.** Rep. McCormack announced that after consideration of the farm bill, the omnibus transportation bill, H. R. 12832, will be considered under suspension of the rules. He also announced that H. R. 4504, to improve marketing facilities for perishable commodities, has been taken off the program and will not be considered this week. p. 11088



CONSIDERATION OF H. R. 12954

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JUNE 25, 1958.—Referred to the House Calendar and ordered to be printed

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Mr. DELANEY, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 609]

The Committee on Rules, having had under consideration House Resolution 609, report the same to the House with the recommendation that the resolution do pass.







# House Calendar No. 233

85TH CONGRESS  
2D SESSION

## H. RES. 609

[Report No. 2008]

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### IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1958

Mr. DELANEY, from the Committee on Rules, reported the following resolution;  
which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

1       *Resolved*, That upon the adoption of this resolution it  
2 shall be in order to move that the House resolve itself into  
3 the Committee of the Whole House on the State of the  
4 Union for the consideration of the bill (H. R. 12954) to  
5 extend and amend the Agricultural Trade Development and  
6 Assistance Act of 1954; to amend the Agricultural Adjust-  
7 ment Act of 1938, the Agricultural Act of 1949, and the  
8 National Wool Act of 1954 with respect to acreage allot-  
9 ment and price support programs for rice, cotton, wool,  
10 wheat, milk, and feed grains; and for other purposes, and  
11 all points of order against said bill are hereby waived.  
12 After general debate, which shall be confined to the bill

1 and continue not to exceed five hours, to be equally divided  
2 and controlled by the chairman and ranking minority mem-  
3 ber of the Committee on Agriculture, the bill shall be read  
4 for amendment under the five-minute rule. It shall be in  
5 order to consider without the intervention of any point of  
6 order any amendment offered by direction of the Committee  
7 on Agriculture. At the conclusion of the consideration of  
8 the bill for amendment, the Committee shall rise and report  
9 the bill to the House with such amendments as may have  
10 been adopted and the previous question shall be considered  
11 as ordered on the bill and amendments thereto to final pas-  
12 sage without intervening motion except one motion to  
13 recommit.





87TH CONGRESS  
2D Session

# H. RES. 609

[Report No. 2008]

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## RESOLUTION

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Providing for the consideration of H. R. 12954, a bill to extend and amend the Agricultural Trade Development and Assistance Act of 1954; to amend the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the National Wool Act of 1954 with respect to acreage allotment and price support programs for rice, cotton, wool, wheat, milk, and feed grains, and for other purposes.

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By Mr. DELANEY

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JUNE 25, 1958

Referred to the House Calendar and ordered to be  
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# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued June 27, 1958  
For actions of June 26, 1958  
85th-2d, No. 106

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HIGHLIGHTS: House rejected resolution to consider farm bill. Senate passed measure to extend special milk program. House passed employee training bill. Senate returned accrued expenditures budgeting bill to committee. House received revised conference report on mutual security authorization bill.

## HOUSE

1. FARM PROGRAM. Rejected, 171 to 214, a resolution for consideration of H. R. 12954, the omnibus farm bill. pp. 11122-145
2. PERSONNEL. Passed under suspension of the rules and returned to the Senate S. 385, to provide general legislative authority for the training of Federal employees. (pp. 11149-158) The report of the Post Office and Civil Service Committee contains the following statements in explanation of the provisions of the bill:  
"Basic and general legislative authority is provided for interdepartment, intradepartment, and outservice training (that is, training in non-Government facilities) of Government employees when such training will promote efficiency, economy, and better service.  
"Government payment of the expenses of such training is authorized, with special controls on expenditures for outservice training.



"This training authority is granted to all departments and agencies in the executive branch (with several necessary exceptions), the General Accounting Office, the Library of Congress, the Government Printing Office, and the District of Columbia government.

"The President is authorized to exempt any department or agency (or any part thereof) or employees from any or all provisions of the bill where he deems such exemption appropriate, but he may not extend its coverage. This authority does not extend to the relieving of the Civil Service Commission of any function, responsibility, or duty imposed on the Commission by the bill other than its responsibility for the training of its own employees.

"Each department and agency is directed to (1) review its training needs within 90 days after enactment and at least every 3 years thereafter, (2) establish and maintain training programs to meet those needs, (3) operate these programs in accordance with law and regulations, (4) utilize its own resources, and other available Government resources, so far as practicable, and (5) encourage and recognize employees self-training and self-development.

"General responsibility for coordinating training programs and assisting the departments and agencies is imposed on the Civil Service Commission, subject to supervision and control of the President and review by the Congress. The Commission is directed to (1) promote, coordinate, and assist in department and agency training programs; (2) issue necessary standards and regulations after consultation with the departments and agencies as to their needs; (3) review department and agency training programs and activities and report thereon to the President and the Congress; and (4) enforce compliance with the law, regulations, and standards governing outservice training. It should be noted that a number of matters to be covered by the Civil Service Commission regulations are spelled out in the bill.

"The bill consolidates into one comprehensive law most of the special training authorities now in existence. It makes unnecessary, and will repeal, existing legislation which now authorizes eight agencies to provide outservice training of employees. Also, it eliminates any need for yearly reenactment of outservice training authority presently granted five departments or agencies and the District of Columbia government through appropriation language. It will eliminate the need for additional special legislation now being sought by other departments and agencies. ...

"Section 23 of the reported bill contains provisions for the absorption of costs of this training program within funds available to the departments and agencies. These are to have substantially the same effect as the provisions for absorption of costs contained in the recently enacted Federal Employees Salary Increase Act of 1958 (Public Law 85-462). ...

"The committee emphasizes that enactment of this legislation will not result in the creation of any new board, commission, bureau, or similar authority to carry out its provisions and that the central point of responsibility and accountability shall be the Civil Service Commission -- subject to the usual supervision and control by the Chief Executive and review by the Congress.

"The committee obtained a commitment from the Director of the Bureau of the Budget and from the witnesses for the Civil Service Commission that the training programs authorized by this legislation will be established and maintained within the limits of regular appropriations or other available funds, to the maximum practicable extent, and that the assignment of additional personnel for this purpose would be kept at a minimum." ...



with the Constitution and laws of the United States."

And the House agree to the same.

JAMES A. HALEY,  
WAYNE N. ASPINALL,  
CLAIR ENGLE,

*Managers on the Part of the House.*

JAMES E. MURRAY,  
CLINTON P. ANDERSON,  
GEORGE W. MALONE,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (S. J. Res. 12) to provide for transfer of right-of-way for Yellowtail Dam and Reservoir, Hardin unit, Missouri River Basin project, and payment to Crow Indian Tribe in connection therewith, and for other purposes, submit the following statement in explanation of the effect of the language agreed upon and recommended in the accompanying conference report:

Senate Joint Resolution 12, as it came to the House, provided for the payment of \$5,000,000 to the Crow Tribe of Indians as just compensation for the transfer of the tribe's entire interest (except mineral rights) in lands required for the Yellowtail Dam and Reservoir of the Missouri River Basin project (act of December 22, 1944, sec. 9, 58 Stat. 887, as amended and supplemented) and in the light of special values related thereto for which such compensation is not required under the fifth amendment to the Constitution.

In the House this measure was amended to substitute \$2,500,000 as the amount to be paid the tribe. The amendment was accomplished by substituting the text of House Joint Resolution 2, as amended in committee, for the text of Senate Joint Resolution 12. Other changes also occurred as a result of this substitution, including the striking of the preamble to Senate Joint Resolution 12, the inclusion of a provision for distribution of the amount paid the tribe in accordance with the act of June 20, 1936 (49 Stat. 1543), the inclusion of a recital disclaiming any legal obligation on the part of the United States to pay more than just compensation to the Crow Tribe, a prohibition against payment of attorney fees from moneys paid under the resolution and the correction of minor errors in the land description.

The conference amendments adopt the House figure of \$2,500,000. They also provide that, if the tribe believes this to be less than the amount to which it is entitled as compensation, it may sue either in the Court of Claims or in the United States District Court for the District of Montana. The language of House Joint Resolution 2 disclaiming any legal liability for more than the compensation to which the tribe may be entitled under the Constitution is retained and provision is made requiring that the \$2,500,000 paid under section 1 be deducted from whatever judgment the tribe is awarded in such a suit. This will avoid any possibility of double compensation to the tribe. In view of claims made in pending litigation by the tribe, the conference amendment specifically adverts to power site and dam site value but provides that this reference shall not be taken as an admission by the Government that payment of just compensation therefor is required. This is designed to avoid prejudicing any independent judicial determination of this tribal claim that may be called for in the premises. The executive branch will be free, if it chooses to do so, to maintain the position that, to use the language of the President (S. Doc. No. 128, 84th Cong.) "General principles of constitutional law exclude power site values in determining 'just compensation' . . . ."

The conference amendments conform to the House version of the bill in omitting the preamble and in the land description. They conform to the Senate version in omitting the provision for distribution of funds in accordance with the act of June 20, 1936. They adopt the House provision with respect to attorney fees in slightly modified form.

JAMES A. HALEY,  
WAYNE N. ASPINALL,  
CLAIR ENGLE,

*Managers on the Part of the House.*

#### COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may sit while the House is in session today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

#### AMENDMENT OF FEDERAL CIVIL DEFENSE ACT OF 1950 AS AMENDED

Mr. DURHAM. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 12827) to amend the provisions of title III of the Federal Civil Defense Act of 1950, as amended.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That section 307 of the Federal Civil Defense Act of 1950, as amended (50 U. S. C. App. 2237), is further amended by striking out the date "June 30, 1958" and inserting in lieu thereof the date "June 30, 1962."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. DURHAM. Mr. Speaker, the bill which is being considered today would extend the provisions of title III of the Federal Civil Defense Act of 1950, as amended. Title III contains the standby emergency civil defense authority. The proposed extension will continue this current standby authority, which is designed to permit the Federal Government to deal with the immediate emergency conditions which would be created by an enemy attack upon the Nation.

Under the provisions of section 307 of the Federal Civil Defense Act of 1950, as amended, these emergency powers would terminate on June 30, 1958. As originally enacted, section 307 provided that the standby emergency powers would terminate on June 30, 1954. This termination date was extended to June 30, 1958, by Public Law 383 of the 83d Congress.

Section 301 of title III authorizes the declaration of a civil defense emergency, by the President or the Congress, whenever an attack on the United States has occurred or is anticipated. The emergency powers contained in title III

may be exercised only during the existence of such a civil defense emergency. The same section also authorizes the termination of such emergency, by proclamation of the President or by concurrent resolution of the Congress.

Title III contains broad emergency powers, on a standby basis. The Congress, in its enactment of title III, recognized that an attack upon the United States, with modern weapons of mass destruction, would thrust many unprecedented problems of vast magnitude upon our Nation and our Government. Due to the rapid advances in weapons development and delivery capabilities, the reasons for enactment of such emergency authority which existed at the time of the original passage of the act exist in a much greater measure today.

The principal provisions of title III authorize the President and the Administrator to marshal all the resources of the Federal Government to meet the emergency conditions brought about by an enemy attack. This includes assistance to the States and cities through the utilization of Federal personnel, materials, and facilities, the provision of emergency shelter, immediate emergency repairs to, or the emergency restoration of, vital utilities and facilities destroyed or damaged by the attack. Title III grants broad Federal procurement and utilization authority over property, while preserving constitutional safeguards with respect to just compensation. States rendering assistance to other States may be reimbursed for such expenses. It also provides for financial assistance for temporary relief of civilians injured or in want as a result of an attack; and provides streamlined authority for the temporary employment of additional personnel without regard to the civil service laws. It also authorizes the incurring of such obligations on behalf of the United States as are required to meet the situation brought about by an attack. The immunity of the Federal Government from suit while performing any of the emergency functions contained in the title is expressly reserved.

Experience has demonstrated that effective emergency planning, at all levels of government, requires a clear understanding of the legal authority available for emergency actions under conditions of enemy attack. The continued existence of the standby authority contained in title III permits and facilitates such planning and is essential to the nonmilitary defense activities of the States and cities, as well as the Federal Government.

The nonmilitary defense preparedness of the United States must be developed to, and maintained at, a high level of readiness so long as the possibility of an enemy attack faces the Nation. The requirement for this capability does not change with the fluctuation of international tensions.

The provisions of this title form the legal basis of the emergency plans for civil defense in the event of an enemy attack upon the Nation, while preserving the basic constitutional guarantees with respect to such matters.



The standby emergency powers contained in title III constitute an essential part of the legislative authority which the President must have in order to develop, and assure the appropriate implementation of, the Nation's nonmilitary defense plans.

### THE AGRICULTURAL ACT OF 1958

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 609 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 12954) to extend and amend the Agricultural Trade Development and Assistance Act of 1954; to amend the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the National Wool Act of 1954 with respect to acreage allotment and price support programs for rice, cotton, wool, wheat, milk, and feed grains; and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 5 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order any amendment offered by direction of the Committee on Agriculture. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

### CALL OF THE HOUSE

Mr. MARTIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 106]

Anderson,	Engle	Powell
Mont.	Gordon	Radwan
Boykin	Gray	Robeson, Va.
Brooks, La.	Gregory	Roosevelt
Buckley	Gwinn	Shuford
Burdick	Hale	Spence
Celler	Jenkins	Steed
Christopher	Kearney	Talle
Coudert	McIntire	Taylor
Davis, Ga.	McMillan	Teague, Tex.
Dellay	Magnuson	Thornberry
Dies	Miller, Calif.	Trimble
Eberhart	Morris	Williams, N. Y.
Edmondson	Moulder	Wolverton

The SPEAKER. On this rolcall 385 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

### THE AGRICULTURAL ACT OF 1958

Mr. DELANEY. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN], and myself such time as I may consume.

Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 609, which makes in order the consideration of H. R. 12954, the so-called omnibus farm bill of 1958. The resolution provides for an open rule, 5 hours of general debate, and waives points of order against the bill and amendments offered by direction of the Committee on Agriculture.

Title I extends Public Law 480, the Agricultural Trade Development and Assistance Act, for 1 year and authorizes the sale of an additional \$1,500,000,000 in farm products. This act, as the Members of the House know, permits the United States to sell agricultural products abroad with payment being received in the currency of the importing country. It also directs an expanded barter program, but limits the value of surplus agricultural commodities covered by barter agreements to \$500 million in any fiscal year. The bill authorizes the use of these foreign currencies for various activities abroad, such as construction of buildings, public-health activities, educational programs, and so forth.

Title II of the bill covers the acreage-allotment and price-support level for rice; title III establishes a new 3-year price-support and acreage-allotment program for the cotton crop, with the cotton farmers being given a choice of two programs. Title IV extends the Wool Act for 3 years and approximately doubles the amount of money which will be available in case it is needed for price-support payments. Title V provides for the continuation of the present acreage-allotment program for wheat but, if approved by more than 50 percent of the wheat farmers voting in referendum, would discontinue marketing quotas and set up a 3-year domestic-parity program. Title VI permits dairy farmers to choose between the present support program and a new 3-year so-called self-financed program based on 90 percent of parity for manufacturing milk. The bill also continues the school-lunch program and the program donating dairy products to the armed services and veterans' hospitals for 3 years. Under title VII the Secretary of Agriculture is directed to conduct a referendum to determine whether the producers of feed grains favor a program of price support or no program for such crops. Title VIII provides a uniform law covering the transfer of acreage allotments and also eliminates the necessity for the Commodity Credit Corporation to calculate and pay the equity payments on forfeited CCC loans.

During the hearings before the Rules Committee, no information could be obtained on the cost of the proposed bill.

The Rules Committee, in granting 5 hours' debate, felt that sufficient time has been provided for the debate and, it is hoped, clarification of this complex and exceedingly controversial bill.

Mr. Speaker, I yield 7 minutes to the gentleman from New York [Mr. ANFUSO].

Mr. ANFUSO. Mr. Speaker, I am for this rule. I shall take part in discussing one phase of this legislation, and more competent Members than I will discuss other titles.

I want to say, however, right here and now that I have always supported farm legislation, and I do not have a single farm in my district. I have done so because I sincerely feel that this country of ours could not last one single day if it were divided. I feel that we in the cities must support those on the farm. The prosperity of one hinges on the other. At the same time I must caution you people from the farms that we as representatives from the cities do not want this to be a one-way street. If we support you in legislation, we expect the same kind of consideration.

Now, one of the most important phases of this legislation which will come up will be the part in which most of us from the cities are very much interested, and I believe the entire country should be interested in this particular part of the legislation. I refer to Public Law 480. It has done a marvelous job in winning friends for us throughout the world. Through that bill we are also able to dispose of agricultural surpluses. We have disposed of billions of dollars worth of surpluses, and we have used it as a very effective means in compliance with the intent and the will of the Congress to barter a great deal of these materials. Those who have been dealing in the barter type of trade, those who have disposed of agricultural surpluses in that manner, have done so for cash. They have paid the Commodity Credit Corporation good, solid cash and they have received in return strategic materials which this country sorely needs. I am not going to discuss that phase of it at this moment, but I do want to say to my colleagues now that at the proper time I expect both sides here to give very serious consideration to Public Law 480 and to the barter program. I repeat, I will not permit, nor will anyone from the cities permit this to be a one-way street.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. ANFUSO. I yield to the gentleman.

Mr. WALTER. Can the gentleman explain what effect the enactment of this legislation will have on the ever-rising cost of living?

Mr. ANFUSO. The gentleman knows that I have always been interested in preventing the rise of cost of living and I have done something about it. The enactment of this legislation, like all of our programs which deal with helping farmers, the consumers, the aged and the children, will naturally cost some money. But I say that the enactment of this legislation will do a great deal of good in promoting our relations throughout the world. The enactment of this legislation will certainly help the farmers and business throughout the country. Mr. Speaker, I say this: I am going to listen to an explanation of those titles that have to do with the farmers, as all



of our city people are going to listen to them. I have not closed my mind on any of them. But I am going to discuss title I. That is very important to me.

Also, in answer to the request of many other people from the cities, I am going to introduce a food-stamp plan. I am going to do this because there has been a great deal of clamor throughout the country that we enact such legislation. I am going to do that because the hearings that we have conducted indicated that it is warranted. I am going to do it because at a meeting only yesterday it was voted on by our committee favorably by a vote of 18 to 1.

I am going to introduce this legislation, which does not affect me one iota, but, as I said, dozens of Congressmen have come to the Committee on Agriculture and asked me to introduce that legislation.

Mr. Speaker, I am not going to ask anyone to bind himself on any part of this legislation. But I am asking everyone in all fairness to listen to each proposal and then vote as his conscience dictates.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. ANFUSO. I yield.

Mr. H. CARL ANDERSEN. In other words, the gentleman feels that the farmer should have his day in court, in the House of Representatives?

Mr. ANFUSO. I certainly do. And I have felt that way ever since I came to the Congress.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. ANFUSO. I yield to the gentleman.

Mr. HALLECK. The gentleman has spoken very favorably on the extension of Public Law 480. I agree with him completely. But I would like to suggest to the gentleman that to try to accomplish that extension in this complicated, controversial piece of legislation, is not going to be possible. The way to extend Public Law 480 and the other necessary parts of this farm legislation is to put them in a bill, move to suspend the rules, and then we can pass it here today in 40 minutes, and get on with those things that really need to be done.

Mr. ANFUSO. Mr. Speaker, may I say to the distinguished gentleman from Indiana that the reason this omnibus bill came up at this time and in the manner in which it did is that Republicans and Democrats requested specific legislation for cotton, rice, wool, wheat, and other commodities. I say to you this: Consider every phase of this bill. Certainly you have the right to move to strike out any title. But, as the gentleman said before, you must give the farmers and the consumers and the entire country the opportunity to be heard on all phases of this legislation. And that is all that I am asking.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself 5 minutes, and ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BROWN of Ohio. Mr. Speaker, I have been a resident of a rural community all of my life. I have been a farm owner and operator for more than a quarter of a century. I have served my time in the Ohio Legislature, and I have served for some 20 years in the Congress of the United States.

This omnibus farm bill, H. R. 12954, the consideration of which this rule would make in order, with 5 hours of general debate, is one of the most confusing, one of the most complex, and one of the most controversial measures I have ever seen. Seemingly the members of the Committee on Agriculture cannot agree among themselves as to what many of the provisions of this bill mean. There has been a great division within the Committee on Agriculture. I think some 12 committee members signed dissenting views in the report. The report itself was not made available to most of us, at least, until Monday of this week. The report was not written until June 19.

This bill affects every segment and section of agriculture all over the country. It contains some very good provisions, but it also contains some very controversial, and, in my opinion, some very bad provisions. Even some of the supporters of the bill, in their testimony before the Rules Committee, where there was a great division of opinion among the Agricultural Committee members, stated that the bill needs amending, to say the least, and that many of these provisions now in the measure should be stricken from it.

At the same time, the bill contains one section which would extend Public Law 480, which is the law providing for the sale of surplus farm commodities abroad, and which, incidentally, expires on Monday midnight, June 30, if we do not extend it.

The measure also contains a provision which would continue for another year the present law providing for the use of surplus milk in veterans hospitals and for school lunch programs. That would also expire on June 30, or Monday midnight.

Bills covering both of these extensions have been before the Committee on Agriculture for many months. If the committee wants to extend these 2 acts, and I believe every Member of this House wants to extend them, all it has to do is call up, under suspension of the rules, the bill S. 3420, which would extend Public Law 480, and has already been passed by the Senate, and is now pending here, and pass it between now and Monday night. That easily Public Law 480 can be extended.

All the committee has to do is call up the bill S. 3342, which has been pending before it in this House for many, many months, and which would extend the law for use of surplus milk for veterans hospitals and the school lunch programs, and pass it under suspension of the rules. I doubt if there would be a dissenting vote against either measure.

A Wool Act extension provision is in this omnibus bill. That act expires on March 30 next. We have some time left

on that, but legislation is pending to take care of that extension and there would be very little or no argument against it.

There is also the matter of tung nuts, or tung oil, which is very vital to our national defense. That law can be passed without much, if any, dispute.

But other sections of the bill are so controversial, so difficult to understand, that the members of the Committee could not explain them to the Rules Committee, or at least differed in their explanations as to what the different sections of this bill, which was so hastily drawn and reported, and containing some 62 pages, actually mean. So I feel very strongly that the smartest thing we can do, the best thing, the wisest thing to do, is to vote down this rule and send this whole omnibus bill back to the Committee on Agriculture for further study of the controversial sections; and let the Committee come in under suspension of the rules, with these various noncontroversial pieces of legislation such as the extension of Public Law 480 and the surplus milk distribution program. They could be passed easily under suspension of the rules. Let us pass them before June 30, that is, midnight Monday, and let us get them on their way. Then we can argue and fuss and quarrel among ourselves, if necessary, until we work out, beat out, some kind of proper overall farm legislation for the benefit of this country.

I hope the House in its wisdom will vote down this rule so that we can accomplish something worth while promptly. In that way we will be able to pass needed legislation between now and the June 30 deadline, rather than to go ahead with this bill which cannot possibly become law by June 30, even if every Member of this House should vote for it, which of course they will not.

The SPEAKER. The gentleman from Ohio [Mr. BROWN] has consumed 11 minutes.

Mr. DELANEY. Mr. Speaker, I yield 1 minute to the gentleman from Missouri [Mr. JONES].

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Speaker, I am for this rule.

Quite frankly, it would appear that the only opposition to the rule could come from those who are unalterably opposed to any legislation which would offer some relief to the farmers of America at this time.

While it is admitted that there are controversial features in the bill which the Committee on Agriculture has proposed, it should be emphasized that the open rule under which it is proposed to bring the bill to the floor, there will be ample opportunity for the Members of this House to work their will.

This is an open rule, which means that there will be an opportunity to make changes in any and every section to which any Member might have some objection; or for that matter to strike from the bill any section, or any title which a majority feels is objectionable.



I can understand why some Members might not want to see any legislation for agriculture adopted at this session, but I fail to see how any Member can deny this House an opportunity to work its will on this legislation.

I do not like closed rules and have voted against some closed rules, but have done so only in an effort to obtain the opportunity of voting on amendments which in my opinion would improve the legislation.

A vote against this rule would appear to express the fear that the membership of this House cannot be trusted to work its will in a democratic fashion. I hope we can soon pass the rule and get on with the consideration of the legislation.

Mr. BROWN of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania [Mr. SCOTT].

(Mr. SCOTT of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. SCOTT of Pennsylvania. Mr. Speaker, this is one of those pieces of legislation which could be referred to as one where you are being asked to take the bitter with the better. This is an attempt to increase vastly the cost of the program and to introduce unwise and damaging legislation—legislation damaging to the farmer as well as to the urbanite under the guise of necessity for acting before the 30th of June. Now, Mr. Speaker, as has been said by the gentleman from Indiana and others, we can under suspension of the rules in 40 minutes enact the essential sections of this law. The school-milk program and title I of Public Law 480, could be passed quickly under suspension of the rules and then we could carefully consider the kind of legislation we need in the rest of this program. This legislation, I say to those who represent consumer districts—and who does not?—is a proposal imposing especial hardship upon the lower income groups of this country. It is a bread tax. This act ought to be called the bread tax and milk tax act because this legislation provides for a bread tax and a milk tax on low-income consumers particularly.

Consumers would pay the cost of the wheat program and there is no reason to believe that it will help the farmers. All of us know that our low-income groups have to rely more on bread than other groups. Hence the burden is likely to fall heaviest on those in the weakest position to pay. Strike at the poor if you will, but you will get no help from me if you indulge in this singularly callous action.

So also in the case of milk. You are voting more tax upon your consumers if you support this bill, because the provision for deduction at the market place of 25 to 50 cents per hundred pounds for any milk produced over a fixed quota will unquestionably be passed on to the consumer. It is impossible to estimate the amount which milk will be increased, but a conservative guess would be that this is a milk tax of a penny a quart.

Those of you who have to go back and explain to the housewives in your communities, I hope you will find some way of explaining why you put a bread tax

on the poor and why you put a milk tax on the poor. I hope your explanation is good, because I expect to be around here to remind you of it as far as the people of Pennsylvania are concerned.

This is an iniquitous piece of legislation as a package, but it has within it some very good and some very desirable provisions. I hope those provisions will be enacted, particularly the extension of the school-milk program and the Public Law 480 program and the miscellaneous sections in title 8, for example. I hope those will be enacted and that the rest will be stricken out.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania [Mr. SCOTT] has expired.

Mr. DELANEY. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Speaker, I am a little surprised at the attack that is being made on this rule. To me it appears to be very unfair. I have always believed that the House would treat fairly any committee that brings a bill before it; but if the approach is pursued as suggested by the gentlemen who are making the speeches from the left side of the aisle, then the Committee on Agriculture might as well be liquidated.

Before we take a vote, there are certain situations which you should consider. Let us take a look at what has transpired before and which resulted in bringing the omnibus bill to the floor.

Last year our committee endeavored to report several commodity bills. Each and every one of them were voted down in committee. There were those who voted against the bills in the committee who so voted, not because they were against the bills but because they felt that all programs should go out in one package. They insisted that we take to the floor of the House an omnibus bill. There were a great many of us who had no part in making that proposal, and I was one of them. But that was the will of the majority of the committee. So there was nothing left for us to do but bow to the will of the majority and begin work on an omnibus bill.

Now, pursuing the will of the majority of the committee, we went to work last year on the omnibus bill. We have done just exactly what some who are now complaining about it insisted that we do. So we went to work and we worked through the remainder of the last session and up until now. The effort was not an easy one. Everyone worked hard and conscientiously. Finally, a majority came to an agreement, and the majority included some of my friends on my left who are now fighting the submission of the very thing they agreed to submit—an omnibus bill.

This bill is the fruit of the very effort which every member of the committee last year agreed to participate in. It is unthinkable to me that some of these very gentlemen, for whom I have the highest regard and respect, will not now agree to even let us debate the bill on the floor of the House. I just cannot picture the House denying our farm people the right of having their bill discussed.

The House can work its will on the bill. I will be frank to say that my own

views are not in keeping with all the bill. I do not expect the Members of the House to take the bill as a whole. It is in various sections. Each section will be submitted for your consideration. So will each paragraph, each line, and each word. You can make any change you desire. Or, if you like, you may kill the whole bill if, after hearing the debate, you are displeased with it.

Time is running out. We have been accused of not bringing in a farm bill. Now we have brought you such a farm bill. Let us work together and work our will on it. Whatever you do with it will be accepted by us all. But please, please do not be so unreasonable as to deny us the privilege of explaining its provisions.

I urge you to support the rule.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. HILL].

(Mr. HILL asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. HILL. Mr. Speaker, I am sorry indeed to appear before this House today in opposition to this rule. I do it because of the depth of my feeling and the complexity of the agriculture program.

Let me say that this is a most controversial, most difficult, and far-reaching piece of agricultural legislation that no Member of this House can take lightly. This bill introduces elements into the control and direction of agriculture that this House has never considered before.

Furthermore, it closes out every program of any importance in this bill in 3 years. That is not good; yet we come before this House with this measure.

Someone has already hinted that the farmers wanted this bill. I hold before this committee the last issue of the AFBF Official News Letter of June 23, 1958. From it I read the following:

HOUSE FARM BILL WOULD SET AGRICULTURE BACK 25 YEARS

The president of the American Farm Bureau Federation has said that the omnibus farm bill reported by the House Agriculture Committee is a monstrosity.

Charles B. Shuman said enactment of the proposed legislation would "set agriculture back 25 years."

He said the House Committee's bill contains numerous objectionable sections. "But none of these is as unfortunate as the provision that after 1961 all farm programs would revert to their present unsatisfactory status."

"The House Committee has failed to come up with what farmers need most—a long-term program designed to free them from Government regulation, let them run their own farms, and allow them to improve their incomes through their own management decisions," Mr. Shuman said.

And he added: "The House bill goes in the opposite direction. It offers farmers more quotas, more taxes, more Government regulation. In our opinion, this can only mean less opportunity and lower net incomes for farmers."

And those are temperate remarks.

As far as I am concerned new elements are introduced in this new farm agriculture act that this House will be sorry we ever adopted. It will be a sorry day—perhaps I should not say it—if agriculture ever becomes a political issue. It is



not a political issue by any stretch of the imagination, none whatever.

My good friend, the gentleman from Mississippi, who preceded me said our committee had united on an omnibus bill. That did not include me.

Mr. HAGEN. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield.

Mr. HAGEN. Is it not also true that members of our committee voted for the bill who did not support most of the sections?

Mr. HILL. Yes. I would like in the brief time remaining to me to refer to other parts of the bill. First, with respect to the milk program, I call your attention to this telegram sent by the Director of the Food Distribution Division of the United States Department of Agriculture:

WIRE SENT TO AREA SUPERVISORS OF THE FOOD DISTRIBUTION DIVISION, AGRICULTURAL MARKETING SERVICE, USDA

JUNE 23, 1958.  
As present legislative authority for the special milk program expires on June 30, 1958, you should immediately notify State agencies and program sponsors having agreements with your office that no obligations may be incurred after June 30 with any assurance of Federal reimbursement payments under this program. Should the legislative authority be extended prior to or following June 30, we will notify you at once.

MARTIN GARBER,  
Director, Food Distribution Division, USDA.

That is what is going to happen next Monday night. On Monday night of next week we lose our special milk program. On Monday night of next week we lose all the effects of our program that are predicated on Public Law 480.

It is a foolish thing for us to be required to take up a bill of 8 complex, complicated sections, this complex piece of agricultural legislation, and pass it in 8 hours' time, and to include in it laws like Public Law 480 and the special school-lunch program.

We are confronted with a serious, urgent situation, because the Congress has failed to take appropriate action on the President's farm-program recommendation that the special milk program be continued. Our authority to conduct that program expires within the week. Next Monday, June 30, we will have to stop this program, which has proved so successful in increasing milk consumption.

And stopping the special milk program is going to hurt the three-fourths of a million children who would be taking part in it this summer all over this country—in more than 5,000 summer camps, day camps, and recreation centers, and other child-care institutions, and in schools—all of whom want to take part in the program, and are ready to take part in it, if Congress will let them. Further, the stoppage is going to hurt farmers—the dairymen who would sell extra milk to these participants, for serving to children.

The harmful effects of interrupting the program will extend into all sections of the country. The accompanying table shows, on a State-by-State basis, the number of participating organizations and children affected by an interruption:

Special milk program: Number of outlets intending to participate and number of children attending, summer 1958

State	Number of outlets					Total number of children
	Summer camps	Day camps and recreation centers	Other child-care institutions	Schools	Total	
Alabama.....	22	0	12	4	38	3,860
Alaska.....	1	0	0	1	2	70
Arizona.....	8	1	2	14	25	1,575
Arkansas.....	5	4	4	167	180	28,711
California.....	260	175	39	301	775	166,729
Colorado.....	38	13	13	5	69	5,970
Connecticut.....	9	9	1	0	19	2,865
Delaware.....	2	9	10	0	21	1,757
District of Columbia.....	(1)	(1)	(1)	(1)	(1)	(1)
Florida.....	22	13	20	1	56	5,393
Georgia.....	18	1	1	20	40	5,568
Hawaii.....	3	1	5	0	9	4,480
Idaho.....	11	0	1	2	14	1,097
Illinois.....	77	17	137	38	269	81,690
Indiana.....	77	5	5	0	87	14,328
Iowa.....	32	7	7	1	47	4,712
Kansas.....	44	1	6	0	51	7,164
Kentucky.....	45	8	2	25	80	7,125
Louisiana.....	53	5	16	20	94	14,243
Maine.....	12	4	8	0	24	2,158
Maryland.....	(1)	(1)	15	0	15	936
Massachusetts.....	122	34	7	1	164	19,975
Michigan.....	142	8	18	1	169	13,219
Minnesota.....	107	4	3	13	127	14,127
Mississippi.....	15	15	1	73	104	9,969
Missouri.....	55	3	16	0	74	6,269
Montana.....	13	3	0	3	19	1,668
Nebraska.....	22	0	11	0	33	2,944
Nevada.....	2	2	2	1	7	595
New Hampshire.....	5	2	3	0	10	986
New Jersey.....	44	11	23	1	79	10,237
New Mexico.....	6	1	4	0	11	1,188
New York.....	549	33	33	375	990	140,044
North Carolina.....	32	8	15	25	80	9,782
North Dakota.....	17	0	0	1	18	1,930
Ohio.....	111	57	65	4	237	24,179
Oklahoma.....	19	2	4	42	67	7,465
Oregon.....	38	10	1	0	50	3,472
Pennsylvania.....	273	70	42	5	390	41,589
Rhode Island.....	6	5	4	1	16	2,892
South Carolina.....	30	12	20	0	62	7,291
South Dakota.....	36	0	1	1	38	5,110
Tennessee.....	(1)	0	6	0	6	629
Texas.....	19	2	19	18	58	14,541
Utah.....	16	0	5	60	81	14,042
Vermont.....	1	0	3	0	4	505
Virginia.....	20	4	8	0	32	3,048
Washington.....	34	26	4	7	71	5,009
West Virginia.....	19	2	3	0	24	2,454
Wisconsin.....	125	11	16	1	153	16,286
Wyoming.....	7	16	0	1	24	2,301
Total.....	2,624	614	642	1,233	5,113	744,087

1 Not available.

Further, these harmful effects will be felt by the many organizations who sponsor some form of summer activity for children: Boy Scouts, Girl Scouts, Campfire Girls, 4-H clubs, church groups and charity camps—as well as those who sponsor the day camps, recreation centers, other child-care institutions, and the schools which operate in summer. This includes those schools which hold regular sessions—as well as schools which operate during the summer to make up for time lost at the harvest season.

Even a brief interruption of the program will work hardship on these sponsors. For one thing, it will deny them the benefits of the program during the period of interruption, and for all the additional time that is necessarily involved in stopping milk service under the program, and then getting it restarted.

These stopping and restarting operations would also impose a great deal of extra, unnecessary work on the staffs of the sponsor organizations.

Any interruption in the program will lose forever the extra milk consumption that we could have stimulated during the period of interruption, if we had the spe-

cial milk program available. The amount of extra milk consumption that is lost this way will be completely lost—it can not be regained. And the decrease in consumption will hit dairymen at a time when they need all their markets—the summer season of heavy milk production.

I say we have no excuse for this delay, for these three subjects, the school milk program, the Armed Forces milk program, and Public Law 480 were included in separate bills passed by the Senate. The Agricultural Trade Development and Assistance Act was extended by the Senate in the bill S. 3420 and passed the Senate on March 20 by a voice vote. The comparable section of this Senate bill is title I of the bill made in order by the rule.

The school-lunch program was continued in the bill of the Senate, S. 3342, passed by the Senate on March 3, 1958, by a unanimous voice vote. The comparable section in the bill made in order by this rule is section 604 of title 6.

The Armed Forces dairy products program was extended for 3 years by the Senate in the bill S. 3341 on the 3d of March 1958 by a unanimous vote. The



comparable section in H. R. 12954 is section 605 of title 6.

All we need to do to extend these important and vital programs is to call these three bills up under unanimous consent and pass them in a few minutes. Then we can take whatever time we need for this food grain and fiber bill and not, as the gentleman from Mississippi said, act like children.

Mr. DELANEY. Mr. Speaker, I yield 4 minutes to the gentleman from Florida [Mr. MANSFIELD].

Mr. MATTHEWS. Mr. Speaker, I rise in favor of this rule and I certainly hope that we will approve the rule by an overwhelming majority and, as has been indicated before, give the House the opportunity to work its will on this important piece of legislation.

I intend to vote for this bill. I do not know whether I shall vote for some of the amendments or not, but I certainly intend to vote for the basic principles of the bill because I think it represents an honest effort to help the American farmer and at the same time be fair to the American consumer.

There are those who will tell you that this bill, if passed, will cost a tremendous amount of money. I happen to think that we have good evidence and can prove that this bill will cost less money if the particular program as envisioned in this legislation is passed than would be the case otherwise. To be specific, if we do not do something about feed grains, what kind of a program are we going to have next year to store millions and millions of extra bushels of wheat and corn that we are producing this year? If we do not have some kind of a program such as suggested in this omnibus approach, what are we going to do to compensate the farmer for what I think is going to be a 25- to 50-percent reduction in his livestock prices next year? How can we figure the expense, I repeat again, of these propositions that will face us inevitably in the future if we do not do something today about the plight of the farmer?

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. MATTHEWS. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. I am sure every Member of the House understands the condition of the farmer today. To vote down this rule will only make it that much more difficult. We should agree to the rule and I hope the House will pass the rule today.

Mr. MATTHEWS. I thank the gentleman.

Mr. Speaker, I know my colleagues from city areas are naturally concerned about the cost to the consumer. Let me talk to you earnestly for just a moment. I think those who represent the farm areas in this country have a deep appreciation for their friends in the city areas. We believe those in the city areas desire to give the farmers a fair deal.

Let me say to you that the price the consumer pays in the market place often has nothing to do with the price that the farmer receives for his products. In the House restaurant today we are eating a little slice of watermelon that costs us

50 cents a slice. The watermelon growers in my district in Florida, in the great State of Georgia, and in other areas of this country cannot get enough for their watermelons to pay them to load the watermelons on the trucks. They are getting three-quarters of a cent a pound, maybe less; yet down here in the House restaurant you are paying 50 cents a slice for watermelon. If you go to the market place you will find watermelons priced at around 5 cents a pound. I could not understand that until I became a member of the Committee on Agriculture. I repeat again that the price the consumer pays in the market place, in my opinion, often does not have one thing in the world to do with the price that the farmer receives for his produce.

This bill has legislation in it which is fair to both the farmer and consumer. I sincerely hope the rule is overwhelmingly passed and that the House will work its will on this important legislation.

The SPEAKER. The time of the gentleman from Florida has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. KILBURN].

(Mr. KILBURN asked and was given permission to revise and extend his remarks.)

Mr. KILBURN. Mr. Speaker, I rise in opposition to title 6 of this proposed legislation, the so-called self-help dairy provision.

First, it should be made clear that this bill was voted out of the House Agricultural Committee and a rule was granted by the Rules Committee on a strictly party vote. The Democrats forced the bill to the floor over the opposition of the Republicans on both committees. The Agricultural Committee had the opportunity to report a truly self-help dairy measure that would have been acceptable to the dairymen of this country. Instead the Democrats on the committee chose to force out title 6 without hearings.

I regret very much that a constructive dairy bill was not reported.

There has been much talk about self-help for dairy farmers, and the Committee on Agriculture has been considering so-called self-help proposals for many weeks. No doubt it is hoped that this catchword, this popular label—self-help—will obscure the deficiencies of the measure under consideration. But I would point out to the Members that title 6 of the omnibus bill is really a last minute switch from the self-help measures previously considered. I would point out further that it was approved without hearings.

We are all in favor of self-help. But this bill is not self-help for the dairy farmer.

It is a proposal to regiment the dairy farmer.

It is a proposal that will destroy markets for dairy products.

It is a proposal that will increase the prices consumers pay for milk without increasing the returns farmers receive.

This is frankly a marketing quota program for dairy farmers. If a majority of milk producers voting in a referendum

approve this proposal, here is what would result:

The Secretary of Agriculture would be required to establish a base for each milk producer.

A Federal Dairy Board of 15 members would be set up and given authority to invoke marketing quotas on milk and set the amount of such quotas.

The dairy farmers of New York, and dairy farmers throughout the country, would face the prospect of sharp cuts in production, based on their previous history.

A new horde of bureaucrats would be needed to administer the quotas program.

Thus far production and marketing quotas have been avoided on livestock enterprises. We have seen the sorry results allotments and quotas have produced on the basic crops—markets lost—production reduced so low as to cripple farm operating efficiency—management decisions taken out of farmers' hands—inroads made by competing products. Surely, this record is not good enough that we want to see quotas applied to milk.

This bill combines such immediately needed and sound measures as the extension of the school milk and veterans and armed services milk programs with provisions that would be disastrous for dairy producers. Let us keep the good and eliminate the bad.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. Mr. Speaker, it is unusual for me, representing a fine agricultural district, to be down in the well of the House opposing a rule that farm legislation may be brought up for consideration. But, in my considered judgment, this is far from being a farm bill. This is a hodge-podge. It is a monstrosity. It is a piece of legislation which can do no one any good; but, on the contrary do a great deal of harm to the farmer and the country. It presents an entirely unworkable program which would impose strict regulations on our farmers and severe penalties for non-compliance. The penalties are so severe that they may be said to be punitive. For example, the feed grain farmers who produce in excess of their quotas will be penalized at the rate of \$1 per bushel, and until the penalty is paid in full a lien can be placed on their entire crop.

The pathetic thing is that this atrocious bill does include some of the program's proven value mentioned here earlier in the day which, as has been pointed out, can quickly be passed under suspension of the rules.

One of these is what is commonly known as Public Law 480 which permits the United States to sell agricultural surpluses to our friends abroad, with payment for them being made in the currency of the importing country. Under this program our agricultural exports have risen year after year since its enactment. This year these exports are expected to reach \$4 billion. This program has been an important factor in reducing agriculture surpluses, which



depress domestic prices. It has proven to be an important factor in improving our relations with many countries of the world, and it has done much for increasing the income of the farmers.

This extremely meritorious program, about which there is no controversy, is due to expire on June 30—just 4 days from now. Why has the Committee on Agriculture delayed in reporting a bill for its extension? In my judgment the delay was for the sole purpose to make the omnibus farm bill more palatable. This delay, for which there is no legitimate excuse, has already resulted in the loss of exports. It must be borne in mind that considerable time is necessarily involved in the negotiation of trade agreements with foreign countries and for their administrative implementation.

A second meritorious feature incorporated in this bill is the school milk program, which also expires on June 30—just 4 days hence. It could have been, and should have been, extended many months ago. There is no legitimate reason for this delay. In my considered judgment the delay was deliberate in order to try to impress the House with the urgency of the situation on the theory that we would be more disposed to accept the committee bill notwithstanding its undesirable features.

In this school milk program there are 5,000 summer camps and recreational facilities involved. In the summertime 1 million schoolchildren participate; 900 child care institutions and numerous summer schools participate. All these will be deprived of this milk if this program is allowed to expire.

The third meritorious program incorporated in this omnibus farm bill is the Wool Act. It is due to expire on March 31. There is no controversy about it, and the law should be speedily extended.

But there are other titles in the bill which are unsound, costly, and unworkable. Take a look at title 6, with respect to the price-support marketing quota program for milk. Take a special look at the compliance provision. It sets up a special fund into which all dairy farmers who sell milk into commercial channels make a deposit. If he should over produce, he forfeits his deposit and those who do not, get a refund.

I want to ask you one simple question. What goes on in this country of ours? Is that what we are trying to do, farm by penalty throughout this great Nation of ours? This is a complete departure from the normal process of a free enterprise system. We really should strive to take off the restrictions on the farmers rather than impose more on the producer of any commodity, whomever he may be.

Let me refer for a minute to corn, which is our main commodity in the Middle West. Title 7, entitled "Feed Grains," suspends for 3 years corn allotments and the commercial corn area. It puts corn on the same basis as any other feed grain. I call your special attention to the fact that this section would mean the reimposition of marketing quotas. I especially call attention, particularly to the Members from the corn-producing area, that this section of

the bill would permit feed grain farmers of other areas of the country to impose compulsory regulations and controls with fines on the commercial corn area.

Before you vote on this rule to make in order this monstrosity of a farm bill, with all its unworkable and punitive provisions, I ask that you take a close look at this title of the bill. Any Member from the corn area who would cast his vote for what is proposed in this bill will be voting against the very people he represents and their best interests.

Therefore in all earnestness I am urging you to vote down this rule. This rule should be defeated. Just as quickly as the Agriculture Committee can report out the three desirable features of this bill they can be passed under suspension of the rules along with the other suspensions scheduled for tomorrow or Monday. We will thus be able to extend these desirable features before the expiration date of next Monday night. We can then go ahead on the basis of what might need to be done in the whole field of agriculture.

I implore you, look carefully at this bill now before us and do what is in the best interests of agriculture. That is our responsibility.

Mr. DELANEY. Mr. Speaker, I yield 1 minute to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, I ask this time in order to ascertain for my own information and for the information of my colleagues from West Virginia, what is happening to Public Law 480 under this legislation? It will be recalled that I spent 3 years in an effort, and finally succeeded, to get legislation written into Public Law 480 to require the Commodity Credit Corporation to process wheat into flour and corn into meal for distribution to the hungry people of sections of this country who need these surplus foods.

May I say to my colleagues that in 1 county in my district 26,000 out of 81,300 people are today living on surplus Government food. They appreciate getting the flour and meal. I want to know whether anything is going to happen to that provision that requires the Commodity Credit Corporation to process and to provide that food. I ask that question of the chairman of the committee.

Mr. COOLEY. This bill extends Public Law 480. It does not disturb the provision about which the gentleman is speaking.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as he may desire to the gentleman from Nebraska [Mr. MILLER].

(Mr. MILLER of Nebraska asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MILLER of Nebraska. Mr. Speaker, the omnibus agriculture bill for 1958 as brought to the floor today was certainly a monstrosity born of desperation. If this bill ever becomes law it will have so many defects that even the best surgeon cannot cure it. The very formulation of this bill brings the fact crystal clear that a renaissance is needed in agriculture. I think all of us realize that the only true solution to the farm problem will be when we get the farmer back on the old law of supply and de-

mand, the day when he will be free of Government subsidies, Government handouts, and Government interference. I believe that all of us want a free agriculture and should aim our best efforts in that direction. Of course, that day cannot come until we have found methods of ridding ourselves of the huge surpluses.

It occurs to me that it is almost impossible to write an omnibus farm bill which will satisfy all sections of the country. What is good for the South may not be good for the Midwest. What is good for the East may not be good for the West. The problems of the various areas of our country are so different it is hard to tie them together in one bill. It is also impossible because the larger farm organizations themselves are not and probably can never be in agreement as to the type of bill that should be enacted or the policies which are best for agriculture.

It is difficult to approach the subject from a commodity standpoint—wheat, corn, cotton, tobacco, and so forth.

I am particularly interested in the domestic parity plan for wheat. The principles of domestic parity have been passed by Congress twice. Wheat growers of the country want to try the plan. When in operation, this program will not cost the Government a cent. It will be a sort of self-help plan which I feel has great deal of merit. I believe it should be tried out.

I have heard several of my colleagues say they think it would raise the cost of bread. It is not a plan to raise the bread cost. Let me point out to you that when wheat was some \$2.20 a bushel, bread was about 16 cents or 17 cents a loaf. Today with the \$1.80 wheat, bread is 24 cents or 25 cents a loaf. This increased cost does not come from the value of the wheat but it comes from processing, handling, packaging, and other labor and materials that go into the processing and selling of this type of food. Actually the amount of wheat in that loaf of bread is mighty small. Probably averaging less than 3 cents worth for each loaf.

Here is another problem which I feel the Congress should consider—that the high protein and high gluten wheat, which is raised in some of our Midwestern States, should not be kept in short supply by the constant reduction in the number of acres that can be planted. In my own State of Nebraska we raise a very high type wheat. It is premium wheat that is in high demand. The demand in this case exceeds the supply and I see no reason why our farmers should not be permitted to plant sufficient acreage to meet that demand.

We have still another problem in Nebraska in which the Department of Agriculture in Washington and the State and county offices seem to have had their wires crossed. That problem is one of cutting allotments or making readjustment of the acreage allotments in the State. I have received many letters to the effect the present policy actually results in some of the smaller wheat growers taking a considerable cut in acreage while the larger growers actually get ad-



ditional acreage. In other words the small farmer in some cases is being penalized while the big grower gets a bonus. This will probably result in many lawsuits in Nebraska. I think the time has come when we should have more coordination between the Department of Agriculture in Washington and the representatives of that Department at the State and county levels.

The farm bill does contain some sections which urgently need to be passed. For example, the Public Law 480 section dealing with the export of farm products; the section dealing with wool and the school milk program and some others. I presume the committee saw fit to add some of the good things to this hodgepodge of bad in order to push through some of the sections which they knew full well would call for a veto.

We continue to be harassed by the surplus problem. I think it is time to stop talking and get some action. More research is needed to get rid of our surpluses. I am interested in a food stamp plan which has been advanced. While it needs some clarification I think the objective is good. I think it would be all right to use some of this surplus grain for the manufacturing of food for the needy people of our country. I would also like to see some of these surplus grains used in the manufacture of industrial alcohol. Other industrial uses can also be found.

Mr. Speaker, while I think many parts of this bill are bad and should not pass, there are some parts that should be approved. I have always taken the position that while I might be opposed to a bill, I have voted to permit the House to discuss the merits of the legislation. It is possible the bill could be amended and will turn out to be a good one. If that cannot be done, I would vote against the legislation. I think the House ought to have the right to work its will upon this bill. My philosophy has been with Voltaire, "I disapprove of what you say, but I will defend to the death your right to say it."

Mr. DELANEY. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Speaker, first let me state that I requested a few minutes on our side of the House, to be heard in favor of the rule. I regret that I was forced to ask the courtesy of being granted time by the gentleman from New York [Mr. DELANEY]. After all, I do like to make my request, as it should be done, of the gentleman from the Rules Committee handling the bill on our side of the House. I regret that they would not give me that privilege, and I thank the gentleman from New York for granting me this time.

Now, why am I for this rule?

Mr. BROWN of Ohio. If the gentleman will yield, I did offer to give the gentleman some time.

Mr. H. CARL ANDERSEN. The gentleman did offer me 1 minute.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. H. CARL ANDERSEN. I refuse to yield further.

Why am I for this rule? I would like nothing better, in any congressional district, to go out and tell the people of that district that the man running against me even refused to give to the farmers of America their day in court, here in the House of Representatives. What difference does it make what the Members of the House feel about what is in this particular bill? They can work their will when we go into Committee of the Whole. Why should we now say that we are not going even to take it up? I disagree with the argument against so-called controls in the bill when in making his speech the speaker did not even refer to the fact that after all, according to the bill itself, the farmers of America who produce feed grains will have the opportunity to say by referendum vote whether or not they want to clap controls upon themselves. Why did he not bring that out in his speech? He just brought out one side of the picture.

Mr. Speaker, you will find in the bulk of this bill, in the various sections, that the Committee on Agriculture has afforded to the farmers of America the privilege of saying whether they want this program or whether they want that program.

One of my friends from Pennsylvania warned the consumers against giving to the farmers of the Nation a possible \$2 or \$3 billion in increased gross income if a bill of this nature were passed. Let me tell you people from Detroit, for example, where you have been in the doldrums because of the lack of your ability to sell automobiles, that if the farmers of America had the proper purchasing power they would today have bought those 800,000 new automobiles that cannot be sold as of this time. 800,000 new automobiles priced at about \$4,000 apiece amounts to about \$3 billion, and that is the amount which the farmers of America are being short-changed today.

Getting back to the rule, are you going back to the farmers in your district and say, "Oh, I didn't like the bill, I refused to give the majority of the House an opportunity to say what it thought, so I just voted no rule at all, no day in court?"

My good friend from Colorado [Mr. HILL] brought out that there was a real danger of losing these Public Law 480 programs, and this and that. The gentleman knows that this Congress has ways even 14 days from now of putting into effect good programs of that nature, if necessary. We have seen that happen time and time again. That is no excuse for killing this rule today. I hope sincerely that each and every one of you who can do so will vote to permit this omnibus bill to have proper consideration on the floor of the House.

Mr. Speaker, I consider it imperative that we approve this rule and proceed with the consideration of the omnibus farm bill.

I recognize that the bill is not entirely to the liking of many of us, and I know that there is strong objection to some of its provisions. But that is true of most of the important legislation brought before us, and if we insisted upon a com-

pletely acceptable bill before we would grant a rule for its consideration there would be no legislation.

It is the very purpose of a legislative body to take up and debate various proposals so each Member may have his or her say on the provisions of each measure. There are some features of this omnibus farm bill which do not entirely meet with my approval, and there are others which are of no immediate concern to me or the district I have the privilege to represent in the Congress. But I believe fundamentally that farmers—like anyone else—are entitled to their day in court and that the advocates of the various sections of this bill are entitled to have them debated.

Of course this is a complex and controversial measure. Ever since I have been here, it seems that all farm bills have been controversial. As a matter of fact, I have seen very few bills of any consequence brought up in the House which were not controversial in some respects. Just because this bill is controversial is no reason whatsoever to defeat this rule for its consideration.

The thing to keep in mind is the fact that each and every provision is of vital importance to some segment of our Nation. Cotton farmers in the South look to us for action on their problems. Southern rice producers have their peculiar problems and a solution is proposed.

Wheat farmers from Texas to Canada are asking us to do something constructive about their problems, and dairy farmers all over the Nation are looking to us for action.

Corn, feed grain, and livestock farmers in the Midwest and elsewhere need most urgently a new program to stabilize and sustain their markets.

Farmers in every State in the Union have a vital interest in some section or provision of this bill. Wool producers have a critical need for the extension of their program. Our milk programs for children, veterans, and servicemen must be extended.

Not only farmers but all our people look to us for action to continue the Public Law 480 program which has been applauded both at home and abroad.

If it be the will of the majority, we can modify, amend, or even eliminate certain sections of the bill. I have amendments of my own all drawn up which I will offer at the proper time in an effort to perfect the measure. There are undoubtedly others prepared to undertake improvements as we consider this bill.

This is no time for arbitrary action. This is no time to condemn the whole bill just because you may happen to disapprove of some feature it now contains. This is an open rule which, if adopted, will bring the measure before us in a manner which will permit the majority to work its will.

There can be no justifiable reason for voting against this rule other than a desire to thwart the wishes of a majority in the consideration, section by section, of this omnibus bill.

We have heard some strange and unusual arguments against the rule.



Think, if you will, of the weakness of some of these arguments.

One opponent bemoaned the fact that penalties were provided for farmers who did not comply with the new provisions. He voiced the argument we hear so often that farmers want to be freed of regimentation and control. Why did he not tell the whole story? Why did he not tell the House that the very sections about which he complained also provided for referendums so farmers themselves could decide by secret ballot whether they wanted the controls or not? The truth is that dairy farmers, wheat farmers, cotton farmers, and corn farmers would all be given the opportunity, by referendum, to say "Yes" or "No" to each and every one of these programs.

Another said that consumers would have to pay the bill. What have these consumer advocates had to say about the lost sales in rural America for the manufactured products their constituents produce? What do they have to say in Detroit, for example, about the lost market for automobiles which has resulted in short workweeks and layoffs of thousands? It is shortsighted in the extreme to deny to farm people a fair price for what they produce simply because someone says that fair price would raise the price of a loaf of bread 1 cent. I say to you that if we can judge the future by the past, the middle men may raise your bread a cent a loaf whether we pass farm legislation or not. Anybody who knows anything about our economy knows that consumer prices have gone up at the same time prices paid the producers have gone down. The balance between the two has been lost, and we all know it.

Some one else complained about the high cost of these new programs. They did not complain the other week about the high cost of foreign aid, but today they say our own people are not entitled to a break in the Congress of the United States. I take particular exception to the charges relative to the cost of the feed grain section. They did not bother to tell you how these expenditures would be made. They did not tell you that surplus CCC stocks would be used to pay the bill—and what could be more sensible than that? It would simply be a matter of taking money out of one pocket and putting it in another. Under this proposal, we would have the good judgment to take CCC stocks, which are costing us a million dollars a day in storage costs alone, and use them to reimburse farmers for reducing production.

Another critic complained that no one understood the bill, and I ask how they could ever understand it if we do not adopt this rule and bring the bill up for debate and amendment.

There are some vitally important provisions in this bill. They need action, and they need it now. I am surprised at this opposition because every word I have had from farmers and farm organizations has been either in favor of the bill or, at least, in favor of the rule. I just had a call moments ago, for example, from a newspaper editor in my district who advised that Farm Bureau leaders asked him to call me to urge that I support the rule and bring this bill out into

the open for free and active debate. I commend these farm spokesmen for their objective interest and am glad to lend my voice to the plea for approval of this rule. I urgently hope that it will be adopted.

In the national good, Mr. Speaker, let us set aside any sectional or partisan feelings and get on with the job of writing some important farm legislation into law. All legislation is a compromise—and this bill is no exception. I hope the rule is approved so we will have an opportunity to pass judgment on the merits of each and every proposal contained in this omnibus farm bill. That is the only proper way to handle a bill of this nature.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself 10 seconds to explain to the House that when the gentleman from Minnesota [Mr. H. CARL ANDERSEN], requested time from me all time had already been allotted. I had only 1 minute available left and offered it to him. I feel it was not my duty or responsibility to take time away from some other person to whom it had already been promised in order to grant time to my colleague [Mr. H. CARL ANDERSEN].

Mr. Speaker, I yield 50 seconds to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, there are at least three very important parts of this bill that everybody is for and wants to see promptly enacted, because they merely extend programs that will otherwise expire on June 30. Suppose we pass this omnibus bill tomorrow, or Saturday. There is not the remotest chance of its being acted upon by the Senate and getting to the President by Monday night. So to take up and even to pass this bill, assuming it can be passed, is to guarantee that the school milk program, and Public Law 480 for selling abroad our farm surpluses, will expire next Monday night. There is only one possible way of continuing those programs that everybody wants to have continued, and that is to vote down this rule and then have the House adopt, under suspension of the rules, the Senate bills extending the programs and already passed by that body. That will send the bills to the President at once. It is the only way to keep those essential programs going, and without in any way prejudicing the other parts of this farm bill.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. HOEVEN], a member of the Committee on Agriculture.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Speaker, I yield to no one in my loyal support of the American farmer. My legislative record in that regard speaks for itself. However, we must all become realists when this type of legislation comes along.

We are confronted here today with a complex piece of legislation, and no one knows that better than the members of the House Committee on Agriculture. With all due respect to those who favor the rule, I want to say that you should immediately acquaint yourselves with the many ramifications of the bill.

It is highly essential that we take a sensible approach to this entire problem

if we really want farm legislation. In reality, this bill is so complex that it is almost impossible to understand all of its provisions. Even members of the Agriculture Committee differ as to the interpretation of various sections of the bill. We need more time to study the controversial sections.

Everyone knows that this bill, in its present form, positively cannot be enacted into law. As authority for that statement, I have no better authority than the chairman of the Committee on Agriculture himself who has said so publicly. The gentleman from Pennsylvania [Mr. WALTER] made some inquiry as to the cost of this bill as it affects consumers. Let me say to the gentleman, the overall cost of the bill in its present form will be \$2 billion to \$3 billion a year in addition to the present farm programs. I wish you people from the industrial areas and those representing consumer groups would listen to this. Here are some figures furnished me by the Department of Agriculture:

#### COST STATEMENT

##### Additional consumer costs:

1. Wheat section: \$300 million per year (at least 1 cent per loaf).
2. Dairy section: \$500 million per year: Milk, 1½ cents per quart; butter, 9 cents—10 cents per pound; cheese, 8 cents per pound.

##### Additional Government costs:

1. Cotton section: \$400 to \$500 million for each of 3 years.
2. Feed grains section: \$450 million for each of 3 years.

The wheat section of the bill will cost about \$300 million a year. It will raise the price of bread at least one cent a loaf. The dairy section will cost about \$500 million per year. It will raise the cost of milk 1½ cents per quart. It will raise the price of butter 9 cents or 10 cents per pound and it will raise the price of cheese 8 cents per pound, thus putting every cheese producer out of business. In addition, the cotton section will cost from \$400 million to \$500 million for each of the next 3 years. The feed grain section will cost at least \$450 million a year for the next 3 years, making the total cost of the bill about \$1,700,000,000 per year in addition to the farm programs we now have. Now that is something for all of us to think about. I am for good, sound farm legislation, but simply cannot swallow this one package deal which I know will prove detrimental not only to my Iowa farmers, but Iowa consumers as well. We should immediately extend Public Law 480. We should immediately vote for the extension of the milk program which provides for the distribution of milk to the schoolchildren of America, to the veterans and to the hospitals, of this country. The best way you can guarantee that these two emergency measures are going to expire on next Monday night is to vote for the rule. If you vote down the rule, we can then under suspension of the rules with the Speaker's permission, enact the extension of Public Law 480 in a matter of minutes. We can enact the extension of the milk bill in a matter of minutes. Again there is little or no controversy about the wool section. We can take care of that item rather promptly. There is little or no



controversy about the tung nut section. Let us therefore take the essential, emergency, parts of the legislation out of the bill right now for time is of the essence. We then can devote some time to the controversial sections of the bill and try to iron out our differences. I am for a good, workable corn-feed grain program, but want to be assured that marketing quotas on corn are not reimposed. In 1954 we repealed marketing quotas on corn because they were impractical and unworkable. Furthermore, I object to the small corn and feed grain farmers of the South voting strict controls with fines on the farmers of the Corn Belt without their consent. In summary then, the bill is too complex and impossible of administration; the bill cannot be enacted into law. The cost is absolutely prohibitive, and it will not inure to the benefit of either farmers or consumers to enact the legislation in its present form. Let us therefore do the sensible thing. Let us take out of the bill, and pass the emergency measures, which certainly will be to the best interest of both farmers, and consumers. Let us quit this shadow boxing. Let us do the things that are necessary, and put first things first. I think the country will applaud us for our efforts if we work in that direction.

The SPEAKER. The time of the gentleman has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as he may desire to the gentleman from Utah [Mr. DAWSON].

(Mr. DAWSON of Utah asked and was given permission to revise and extend his remarks.)

Mr. DAWSON of Utah. Once again, Mr. Speaker, the House is confronted with another bitter pill concocted by a majority of the members of the House Agriculture Committee as a cure for what is mistakenly called the farm problem. This medicine composed as it of surplus-producing rigid price supports, income-cutting acreage allotments and freedom-stifling Government interference, has made large numbers of our farm population sick in the past. Yet the supporters of this bill ask us to continue this treatment for another 3 years. It does not make sense.

The only major difference in theory between the program advanced today and that which was last before us and subsequently vetoed by the President is that the discredited medicine it again prescribes is chocolate coated. The sponsors of this bill by lumping in good and proven agricultural programs with the bad have tried to create a take-it-or-leave-it situation. The Members of this House and our farm population back home will not be misled by these political tactics. We must through amendment separate the grain from the chaff in this legislation. It is regrettable that this task is assigned to the membership as a whole because it is a task that properly should have been taken care of by the committee.

I am no agricultural expert and I do not intend to attack portions of this legislation in detail. However, there are a few features that I believe deserve some comment.

We are constantly beset—particularly by those supporting this measure—with arguments that we must do something to help the small farmer. Yet this legislation in some respects takes the financial fate of the small farmer and puts it in the hands of the giants who will set the rules by referendum.

Small wheat farmers—those producing less than 15 acres—will not be eligible to vote for parity plans proposed in this legislation. Yet they will be bound by the program approved by the large operators. Now the small farmer can market his entire production without penalty. Under this legislation, however, he will be penalized if he exceeds his allotment. In effect we turn over the lawmaking authority to the large farmer, provide through the Department of Agriculture the enforcement machinery and leave the small farmer without a voice in his future.

The same objection applies to the small grower of feed grains. This legislation denies small farmer the right to vote for the type of program to be adopted, but it makes him subject to the acreage limitations such a program, if adopted, imposes.

Mr. Speaker, each year as this measure comes before us I have risen to observe that in the areas where there is independence in agriculture, the producer is financially better off. The farmer who is in trouble is the one who grows crops which have come under the withering hands of Government regulation. This is all the more tragic in that these stifling programs are adopted under the guise of helping the farm economy.

If the major defects of this bill cannot be surgically removed by major amendments on this floor, the entire measure should be defeated.

Mr. DELANEY. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Speaker, we are witnessing some of the most remarkable examples of change in position which I have ever seen in this House. Members who have for months advocated the joint consideration of these farm programs suddenly find themselves advocating separate action. Members who as lately as yesterday felt it unnecessary to attend the meeting of the committee at which amendments to this very bill were to be considered now feel that the welfare of the country is jeopardized by the delay that has taken place, yet ironically enough, the necessity of adjournment of the committee because Members broke a quorum in times past has always sprung from the walkout of Members who are presently suggesting that this bill should have been brought to the House at an earlier date.

The distinguished gentleman who just preceded me the gentleman from Iowa [Mr. HOEVEN], is today opposed to the corn and feed grain section of the bill. This is, of course, his right. But it was not his position at the time the section was favorably reported by the subcommittee of which he is a distinguished member. I was chairman of the sub-

committee and we worked for 6 months. As chairman, I am happy to bear witness that the gentleman from Iowa worked as diligently and as helpfully as any member of that subcommittee. All the members of that subcommittee, Republicans as well as Democrats, worked hard, trying in good faith to get a good non-partisan bill. I think we did just that and they surely thought so a few days ago because every member of that subcommittee voted in favor of reporting this section of the bill, just as it is now written in the bill presently before you. There has not been a change made in this section by the full committee. It is word for word like it came out of the subcommittee. Every member, Republican and Democrat, voted for it.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield.

Mr. COOLEY. I was amazed in hearing our colleague from Iowa say what he did. He was a member of the committee and he helped write the bill and voted for it.

Mr. POAGE. I must say that the gentleman from Iowa [Mr. HOEVEN] probably had a greater part in writing this particular section than any other Member. There is not one sentence in this section to which the gentleman from Iowa objected in the subcommittee. There was not one single suggestion presented by the gentleman from Iowa that is not incorporated in this section of the bill.

Mr. HOEVEN. Mr. Speaker, will the gentleman yield?

Mr. POAGE. Of course, I am happy to yield to my distinguished colleague.

Mr. HOEVEN. I am not disputing what the gentleman is saying, but if the gentleman from Texas will recall that even though we did devote a lot of time to the feed grain section of this bill, I said, categorically and specifically in subcommittee and in the full committee, that even though I may favor some sections of the feed grain bill that I under no circumstances would be bound to take, hook, line and sinker, any other sections of the bill.

Mr. POAGE. That is exactly right. I am talking about the feed grain section. I have referred to no other section. I am sure that the gentleman had reservations in regard to some of the other sections, but I am sure that there is not one provision in the feed grain section to which the gentleman did object. There is not one provision that the gentleman suggested should go into that section which is not in it. The gentleman voted for the feed grain section a few days ago. The gentleman has a right to change his mind, and all I point out is that he did change his mind. All I want to point out is that there has been a remarkable change of viewpoint. It is not a question of the gentleman's right to change his mind. He has a perfect right to do so.

Mr. JENNINGS. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield.

Mr. JENNINGS. I have understood some of the gentleman who have spoken



here, members of the committee who have worked so hard, say that they wanted to have the farmers to have some freedom. Does not this bill give them the freedom, just the thing they may select by referendum, by ballot, exactly whether they want freedom of choice, to which the gentleman refers, or whether they want the other provisions of this bill.

Mr. POAGE. For the first time in the history of farm legislation this bill offers the farmers a real choice, and the existence of that choice was emphasized time and again during the meetings of our subcommittee. We want to actually know where the farmers stand. Nobody knows today. We would like to know. This bill, if adopted, will give us an opportunity, not only on feed grains but in dairying, and wheat, and in cotton, to have a real choice by the farmers between relatively high supports with strict controls on the one hand, or low supports and lesser or no controls on the other hand.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. DELANEY. Mr. Speaker, I yield the balance of my time to the gentleman from Texas [Mr. POAGE].

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield.

Mr. COOLEY. Is it not also true that the entire committee insisted on keeping this bill intact?

Mr. POAGE. That is true. If my memory serves me right, it was the gentleman who just preceded me, the gentleman from Iowa [Mr. HOEVEN], after working so hard and so diligently on this bill, who objected when the ranking Republican on our committee suggested that we take out Public Law 480. The gentleman from Iowa objected to taking it out and said, "You must keep this comprehensive bill intact." That was in the full committee.

Mr. JENNINGS. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield.

Mr. JENNINGS. Will not a vote against this bill serve to deny the farmers that opportunity to vote on the program that he desires?

Mr. POAGE. Of course, it will, but apparently some of our Republican colleagues who just a few days ago agreed that we must pass a comprehensive bill do not now desire any program. The question now before us is not whether the American farmer is going to have a chance to make a choice but whether this House is going to have any chance to express its wishes on any farm bill. I well recall that our present Secretary of Agriculture pointed out 2 years ago that we should make it a basic principle of farm policy to secure and follow the wishes of farmers. Of course, Mr. Benson has, just this week, repudiated that viewpoint, just as some of our colleagues have so recently repudiated their previously held viewpoint that this House should consider and act on all of the items contained in this bill.

There has been some disposition to try to slur over the facts, but I am sure that every Member recognizes that should this

rule be defeated that it would mean not only the second time this session that the Republicans have scuttled general farm legislation but it would also mean that we would be denied any opportunity to secure the very items which our friends profess to still support. If, in fact, there are objectionable features of the bill, should it not be taken up, considered on its merits, and any provision which does not appeal to the majority eliminated. The committee has not asked for a closed rule. We recognize the right of any Member to object to any item. We recognize the right of the majority to change or eliminate any item. But a vote against this rule is a vote against every item in this bill.

Just one more point: I call the attention of this House to the fact that this bill for the first time not only gives the farmers a choice in almost every section, but it does another thing that the present Secretary of Agriculture said should be done and most of us agree should be done. It puts these commodities in the market rather than in the warehouse. It puts our feed grains in the market, it puts our wheat in the market, it puts our milk in the market, it puts our cotton in the market rather than in the warehouse.

We are paying more than a million dollars a day storage on agricultural commodities. I think we ought to put these commodities into the market where they will move into consumption rather than in a warehouse. This bill will put commodities in the market and there is not anybody who will be bold enough to suggest that it will not. It will put them in the market on somewhat different plans for different commodities because they must be handled differently, but in each case it will be by a plan approved by farmers, not something handed down by a department not something that you and I decided was the best, but it will for the first time give the farmers a real, a sincere, and an honest choice between the question of whether he wants controls on the one hand with high supports—a position many of us have supported but which some have said was unwise—or on the other hand for no control with low supports.

If, in fact, the farmers want the low supports, and they vote for them, then I will be very happy to go right along with a low support program but let the farmers of America not Mr. Benson say that is what they want. Nor will you be voting simply for farmers, if you vote for this bill. You will be also voting for taxpayers. The present feed grain program is costing in excess of half a billion dollars. The wheat program may soon reach a billion dollars cost to the government. This bill takes that burden off the taxpayer. I know that it was charged that this is a bread tax. That canard is typical of the slander of farmers in which some people who are paid to protect farmers have engaged in recent years.

As a matter of fact when wheat brought \$2.25 per bushel, bread sold for 13 cents per pound. With wheat presently selling at \$1.80 or less per bushel

bread is selling at about 19 cents per pound. Maybe the consumer is getting hurt by the same low farm prices which are ruining the farmer.

What we actually need, my friends, is an effort to understand farm problems. A willingness on the part of city people to try to solve farm problems—not a further widening of the breach which Mr. Benson has encouraged. The prosperity of America is indivisible just as the problems of agriculture are indivisible. That is why we bring you a comprehensive farm bill dealing with many separate problems. Together they make up the most difficult economic problem of our Nation. I plead with you to meet these problems by taking up and considering this bill.

Mr. BROWN of Ohio. Mr. Speaker, I yield the balance of the time available to this side to the gentleman from Indiana [Mr. HALLECK].

The SPEAKER. The gentleman from Indiana is recognized for 5 minutes.

Mr. HALLECK. Mr. Speaker, I think, first of all, enough has been said today to demonstrate quite conclusively that this is a highly controversial bill in many of its sections. Many of them are not controversial, but many of them are. It is quite apparent that if we are to adopt this rule and take up the consideration of this bill, the 5 hours of general debate will be used up, and we will be here no one knows how long under the 5-minute rule; and, believe me, we have got a lot of important legislation to consider between now and Monday evening.

Yesterday I voiced a few objections to calling this bill up at this time. One of them, incidentally, was that nine members of the Indiana delegation wanted to attend our State convention, but we have passed that up, I am sorry to say. However, the really important reason why I said this should not come up at this time is that a bill as complex as this, as far-reaching as this, that is estimated to cost 2 or 3 billions of dollars additional should not be here on the floor at this time.

We have other important matters that are running up against the deadline of next Monday evening, not to mention parts of this bill which are affected by that deadline. I know there are some people who say we should vote for every rule, but to my mind this is a far different situation.

I have mentioned the fact that the fiscal year is running out Monday evening. By unanimous consent agreement suspensions are in order today and tomorrow; 16 of them are listed in the CONGRESSIONAL RECORD as being up for consideration. In addition to that we have important conference reports, the conference report on the excise tax bill and others. If someone should be determined enough in the consideration of this farm bill he could keep it before us for consideration well into next week.

What is the situation? It has been said so many times that I almost hesitate to mention it again, but everyone agrees that Public Law 480 is a most important part of our domestic and foreign policy operation. If you adopt this rule and try to pass this legislation you



will have no chance to get action in the other body in time to prevent the expiration of Public Law 480, the milk program, the school lunch program, and others. The other body is considering statehood for Alaska, according to the CONGRESSIONAL RECORD, and is talking about a deadline of July 3.

They are worrying about whether they can pass the Alaska statehood bill by that time. The other body has to act on the conference report on the extension of excise taxes. They have other things that are pressing them, even as we have things pressing us over here.

So, all I can say to you is that if you insist on going on with the consideration of this bill in the manner provided by this rule, in the first place you will argue over these controversial sections for hours and hours and hours. I have heard enough in private conversations and here in the debate on the floor to know that the majority of the members of the committee are not in favor of many of these sections, they do not want them, they know they are unworkable and wrong. But if we go on with this procedure what we are going to do is pull the curtain down on the milk program and on the operation of Public Law 480. Of course, you can extend it at some later date, but whatever time elapses you have lost just that much momentum. It takes months to get those programs worked out.

Again may I say, and it is repetitious, unanimous consent has been given for a number of suspensions today. The minority leader, the gentleman from Massachusetts [Mr. MARTIN], has told me that he would not object to a unanimous consent request for suspension of the rules to pass the important parts of this bill that are not controversial. Why should that not be done? If we will vote down this rule the chairman of this great committee can take the Senate bill, S. 3420, which is the extension of Public Law 480, move to suspend the rules and include the provisions of the Senate bill on the Milk Extension Act and pass those two bills in the form in which they passed the other body. They would then go directly to the President. These two very important matters would not even have to go back to the other body and would not have to go to conference. They would become law and we would prevent the lapse that I say could well be disastrous for the best interests of this country.

Mr. Speaker, I earnestly trust this rule will be voted down.

Mr. KEATING. Mr. Speaker, H. R. 12954 is another Frankenstein-like omnibus farm bill, loaded with inconsistencies and outmoded proposals. It does contain some good provisions which deserve the approval of this body, but unfortunately, they are entangled with a great many bad provisions.

If this bill were to become law, it would do more harm than good to a great many farmers, particularly those of New York State. Continued rigidity in farm regulations and disregard of competitive principles could spell disaster.

At a time when many segments of our agricultural community are prospering and others are beginning the long road back, it would be unfortunate if we reversed the very programs which have made this progress possible. This bill largely disregards the sound proposals of the administration and contains little of the flexibility of programs and freedom for the farmer which he so badly needs.

This body should swiftly and decisively defeat the rule on this catch-all hodgepodge, and then proceed to work its will on individual, sound items which are contained in it. The school milk program and Public Law 480—the Agricultural Trade Development and Assistance Act—among others, should be extended as soon as possible. But it would be folly to approve this whole monstrosity in order to continue these valuable programs.

That is why we must defeat the rule on H. R. 12954 and clear the way for this body to consider individually the really sound and necessary parts of this bill.

Mr. Speaker, today's Washington Daily News contains a perceptive and effective article on this farm legislation by the distinguished columnist Peter Edson. With characteristic clarity, Mr. Edson talks real sense on this issue. In order that his wisdom may have wide circulation, I include his article at the conclusion of my remarks:

#### FARM LEGISLATION POLITICS

(By Peter Edson)

Politics has reared its ugly head to put farm legislation in a bad position.

In an apparent effort to give additional benefits to every group of farmers, the House today begins debate on a new omnibus farm bill. Secretary of Agriculture Ezra Taft Benson calls it "an economic monstrosity and a political hodgepodge."

The only two crops left out of it seem to be tobacco and peanuts. Tobacco growers didn't want any new legislation. They seem to be the only farmers who are completely satisfied with the legislation they now have. The only reason peanuts were left out of the House bill is that planters and growers couldn't agree on what new benefits they wanted.

In a rather obvious political nose-thumbing at the Republican administration, the House bill almost completely disregards the nine-point farm program which President Eisenhower sent to Congress last January. Now, 5 months later, this comes out.

The House bill seeks once more to put over the discredited two-price plan for wheat. It proposes mandatory barter for surplus disposal. And it would impose new controls on milk production and feed grains.

In addition to all this, the House bill would increase Department of Agriculture expenditures by an estimated billion dollars a year for the next several years.

Over \$400 million of this would be for a new corn and grain sorghum acreage-reserve program. From \$400 to \$500 million would be for new cotton supports.

All this would be on top of the \$3 billion 1959 farm appropriations already approved by Congress.

One political approach to drafting a bill of this kind is to invite a presidential veto. The idea is that congressional candidates can then tell the voters, "Well, we passed a bill to help you, but Ike killed it." This puts political blame on him.

Another angle has been to go the limits on what they think the President might approve. Then they incorporate a few things the President wants, in an effort to force him to sign it.

Part of this is also political revenge against the President for vetoing earlier congressional legislation to freeze price supports on basic crops at present levels.

While the House has been playing political football with farm bills in this fashion, several much-needed farm programs are running close to their expiration dates. Among them are the agricultural surplus disposal program and the school, veterans, and armed services milk programs. They will end June 30, unless renewed. Also the National Wool Act, which would expire next spring.

The Senate, taking a much saner approach to farm legislation, has already approved separate bills renewing these programs. The Senate Agriculture Committee has also reported out another farm bill which would come closer, but not fully meet administration requests for lower price supports and freer planting for cotton, corn, feed grain, and rice farmers.

If the House could be persuaded to act on these Senate measures, the situation might not be so bad. But the lack of coordination between Senate and House Agriculture committees this year has been notable.

What this presages is that any new farm legislation approved this session will be an election-year compromise. The committee bills could be completely rewritten on the floor of both Chambers, a procedure which is always bad.

Mr. LANE. Mr. Speaker, I wish to support the contention of those Members of the House in opposition to the granting of the rule on this bill, H. R. 12954, the so-called omnibus farm bill. During this debate I have received a telegram from the Massachusetts Farm Bureau opposing such general legislation and requesting that the entire bill be recommitted. I wish to include a copy of this wire for consideration of all the Members:

WALTHAM, MASS.

Hon. THOMAS J. LANE,  
House Office Building,  
Washington, D. C.:

H. R. 12954, omnibus farm bill, before your House today. This bill contains everything. It is a bread tax bill. It is a milk tax bill. It opens the door to limiting number of cows per farm. It is a two-price plan. Urge you join in effort to defeat rule and recommit bill to committee. There is no doubt that this bill works injury to Massachusetts farmers and to Massachusetts consumers. A couple of clauses now in the bill such as the extension of Public Law 480 and the school-milk program should be separated in committee and presented without all of the bad features. I have discussed this matter with farmers in all parts of Massachusetts, and our opposition is unanimous in this instance.

CARLETON I. PICKETT,  
Executive Secretary, Massachusetts  
Farm Bureau Federation.

Mr. SIMPSON of Illinois. Mr. Speaker, on Friday the 13th, the House Agriculture Committee voted on the omnibus farm bill, H. R. 12954, to extend and amend the Agricultural Trade Development and Assistance Act of 1954; to amend the Agricultural Adjustment Act of 1938; the Agricultural Act of 1949; and the National Wool Act of 1954, with respect to acreage allotment and price



support programs for rice, cotton, wool, wheat, milk, and feed grains; and for other purposes. The bill carried eight titles and had many sections under each title.

Title VII, "Feed Grains": This calls for the suspension of the commercial corn area and corn allotments for 3 years. It does not repeal the fact that corn is a basic commodity. It simply suspends it for 3 years. It puts corn, the greatest money crop in the United States, on the same basis as any other feed grain. The very reason that this feed grain section is a matter of controversy is the fact that the South, when they voted in the past acreage controls and marketing quotas on cotton, refused to take any control of these diverted acres. As most everyone knows, they planted grain sorghum and anything else that they desired, and that would grow in these diverted cotton acres, creating a surplus of feed grains. Furthermore, they went into the hog, cattle, and dairy business on a large scale. The feed grain section calls for a referendum, even specifying the form of ballot to be used, giving the feed grain and corn farmer the opportunity of voting for a program of price support, or it gives him the privilege of voting for no program. It makes it possible for the feed grain raisers in the South to vote strict controls on the northern corn farmer. The total result would be whatever the total result of the combination of southern feed grain voters, mostly sorghum farmers, and the northern corn farmers.

For all intent and purposes, it makes corn lose its identity. It calls for payment in kind; such as, if a corn or sorghum farmer were allotted by the ASC committee 100 acres of corn with which he would be in compliance, if he further cut his 100 acres to 80, he would be given 20 acres of production in kind and in cash from commodity credit warehouses to the extreme limit of \$75 per acre.

He could in some instances take a certificate and sell the corn that was given to him in the payment in kind. This feed grain subcommittee had a total membership of 7; 4 from the South and 3 members from the Corn Belt area; namely, HOEVEN, of Iowa; HARVEY, of Indiana, who is an actual 450-acre farmer; and myself.

I certainly do not like the northern Corn Belt commercial corn farmer being compelled to go to a referendum election and vote in order to keep the southern feed grain people from voting a fine on the northern farmer, if that provision carries. In other words, it is exactly like the wheat situation where you can be fined if you overplant. There has never been any compulsion about the corn program, and I have constantly called this to the attention of the commercial corn growers in the corn belt. I think the compulsion section of the feed grain bill, if adopted in referendum, would further curtail a livestock producer who raises all the corn he can and must go out and buy more to feed hogs and cattle.

The first title, "Foreign Trade," was the extension of Public Law 480, which calls for the disposal of surplus agricul-

tural commodities to foreign nations. Section 106 of title I called for programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials; for the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate. In other words, under Public Law 480, disposing of agricultural surpluses, the committee overstepped itself in foreign affairs and education: I voted against this provision of Public Law 480 even though I am for disposing of agricultural surpluses otherwise.

Under title II, relative to "Rice," I would say there was general agreement among the entire membership of the committee.

Under title III on "Cotton, 1959-1961 Price Supports and Acreage Allotments," in a referendum it called for cotton acreage allotment in the referendum between the two price support and acreage allotment programs; namely, a domestic price and a foreign price. I further believe it called for compensatory payments. The supposition on the cotton section is that there will be a shortage of high-grade cotton next year. It, therefore, would allow the southern cotton acreage to be increased. The cotton section of the bill would freeze the national allotment at around 17.7 million acres for the next 3 years. Farmers would have the choice whether to take the regular allotment and receive 84 percent of parity in 1959, 80 percent in 1960, and 75 percent in 1961; or whether they would like to increase their allotment up to one-third and receive supports at 60 percent of parity. The bill contains a compensation payment feature because it is quite likely that all the cotton raised under the first program will move through CCC hands. The Government would buy the cotton at 84 percent and then sell it at 66 percent, and 18 percent loss.

Title IV is the extension of the Wool Act, which is a trial Brannan plan deal relative to wool. It was supposed to increase the sheep population. It is paid for out of import duties. According to the evidence before the committee, it has not increased the sheep population one ewe in the United States. This was the purpose of the legislation, to increase the sheep population. It has been in effect several years.

Title V, "Wheat": The wheat section called for a two price system on wheat similar to the type of legislation that former chairman of the House Agriculture Committee, Cliff Hope, had been trying to get through the House for 10 to 15 years that I know of. It called for marketing certificates, marketing restrictions, and civil penalties. It called for a referendum.

Title VI, "Milk": The subcommittee was absolutely not in agreement on the milk section. In fact, I could find very few people, organizations, or committee members who were for it. The chair-

man of the subcommittee stated he doubted whether it would work or not. If the quota is voted on milk—and I do not know how you can tell on a fresh cow in May or June how much milk she can give—it means a person with 30 cows could be assessed as much as \$450 per annum based on an average milk production. It called for the creation of a Federal Dairy Board. I dislike compulsion about the dairy business and placing dairy farmers subject to being fined \$450 or any amount. This could run as high as \$1,500 per year on a 30-cow herd with a 10,000 pound per cow average.

I am a member of the Cotton Subcommittee and the Feed Grain Subcommittee. There was never any attempt in either of these subcommittees to ever definitely establish a cost of the programs. Herschel Newsom, master of the National Grange, when the organization appeared before the subcommittee, estimated a cost of \$450 million per year for the feed grains alone even though some of this is being paid in kind. The cotton guess or estimate is over \$250 million per year. The dairy estimate was \$450 million. All in all, the various estimates—and they were purely guess by everyone—was \$1 billion or more per year.

When the committee met on Friday the 13th, we were supposed to vote on the bill, section by section. There was no statement to the effect that I heard of, that final passage out of committee would be acted upon Friday the 13th.

When the committee first met, there was an amendment laid in front of each member of the full committee offering a food stamp plan. This has been batted around Washington for as long as I have been a member of the House Agriculture Committee, some 12 years. It was never discussed in any of the subcommittee meetings or hearings, that I have been a member of, since the first of January. It was placed in the bill in order to try to get city Republicans and Democrats to vote for the omnibus bill. The final vote in committee, including the food stamp plan; that is, the vote to report the bill out including it, was passed by a vote of 17 to 14. I voted against it with the food stamp provision in the bill. Chairman COOLEY immediately knew that an agricultural bill on a committee vote of 17 to 14 had no chance before the House of Representatives. He asked consent to withdraw the food stamp plan section. This was given. Another vote was taken. A final vote on reporting the bill out of committee was 21 for and 10 against. I voted against.

Mr. BREEDING. Mr. Speaker, the omnibus farm for 1958, H. R. 12954, in addition to providing for a 1-year extension of the Agricultural Trade Development and Assistance Act—Public Law 480—with an authorization for the sale of an additional \$1.5 billion in farm products, and its various farm commodity plans, contains a highly commendable section which would establish the domestic parity or 2-price plan for wheat.



On June 11, 1957, I introduced the bill H. R. 8059, and April 28, 1958, the bill H. R. 12185. Both measures called for the institution of the domestic parity plan for wheat; a program which I believe proposes a sound approach to the wheat producer's objective of attaining maximum production on the farm, while maintaining the producer's income in a proper relationship with the other segments of our national economy.

This would be accomplished, under the domestic parity plan, by allowing the wheat farmer to deal more extensively in the open market place on the basis of quality, and by moving more wheat into export and feed-consumption channels.

Under the plan, there would be established a marketing system whereby the wheat farmer would be guaranteed, through certificates issued by the Secretary of Agriculture, on the basis of the farmer's average yield, full or 100 percent of parity for approximately one-half of his crop.

The certificate would be issued to the farmer for his share of that amount of the Nation's wheat production estimated to be sold domestically for human consumption, and would represent the difference between 100 percent of parity and the estimated market price for wheat.

Since premium or high quality wheat naturally will bring a higher price in the marketplace than a lesser grade wheat, the farmer will have greater opportunity to receive more per bushel for his wheat, based on quality.

For that portion of the farmer's production beyond his share of the estimated amount of wheat expected to be consumed domestically, he would sell competitively in the open market; thereby receiving prevailing market prices for his wheat to be processed for export, feed or industrial uses.

In addition, the domestic parity system—which provides for the continuation of the present acreage allotment program—would be largely self-supporting. Only the cost of administering the certificate program will be borne by the Government, since the cost of the certificates will be paid by the wheat processors who will purchase them for the grain they will mill for human food and consumption.

To be eligible to receive these certificates, the wheat producer must plant, within his acreage allotment, for harvest as grain a sufficient acreage of wheat to meet his domestic food quota.

Mr. Speaker, I believe strongly that the domestic parity plan for wheat would contribute greatly to placing the grain buyer and the farmer once again in the business of buying and selling wheat on the basis of quality, and, allowing wheat to move more freely in the marketplace without severe Government controls, while protecting the grower's income to the benefit of the overall economy.

I have been informed, Mr. Speaker, that the present wheat program is costing the taxpayers approximately a quarter of a billion dollars a year, an amount which could be saved by the enactment

of the self-supporting domestic parity plan.

I have heard some contend that a wheat plan of this type would have the effect of inflating the price of bread per loaf, to the detriment of the consumer. That contention is overthrown effectively, I think, by figures contained in the committee report accompanying this bill. These figures are based on price studies conducted by the Department of Agriculture, and indicate that the domestic parity plan for wheat "should have little noticeable effect on prices paid by consumers for bread and other wheat products."

The report states that:

The cost of wheat going into bakery products is such a small part of the total cost of those products that their prices are peculiarly unresponsive to the price of wheat. For example, in January 1948 the farm price of wheat was \$2.81 a bushel and the average price of a 1-pound loaf of bread was 13.8 cents. By April 1958 the farm price of bread had increased to 19.1 cents. Thus, while the price of wheat declined 31 percent, the price of bread increased 38.4 percent. At current prices, the farmer gets between 2.6 and 3.2 cents for the wheat in a loaf of bread.

Mr. Speaker, I live in one of the largest wheat-producing districts in America. As you know, we have tried several different kinds of farm programs in the last 25 years—AAA, PMA, ASC, and others. Some we have liked, that is, those found adaptable and acceptable to our part of the country—some we have not liked. Under our past programs we have had 82 to 110 percent of parity with acreage controls. At the present time we have an acreage-control program with 75 percent of parity. With the cost of production continually on the increase and the price of wheat continually on the decrease, we are faced with the inevitable fact that many of our farmers will go out of business. The price of trucks, tractors, combines, and other necessary farm equipment and machinery has been climbing gradually higher. Back in 1946, 1947, and 1948, when we were getting around 100 to 110 percent of parity, you could buy an average farm tractor or combine for approximately \$2,500 and a truck for around \$1,800. Today, with wheat at only 75 percent of parity, a tractor is \$4,500, a combine \$7,000, and a truck \$4,000. Also, the cost of labor, the necessary repairs, and fuel needed to run this equipment and keep it in condition, has climbed at the same steady rate. With these kind of prices, unless we can raise a bumper crop, there is absolutely no way that we can buy or replace the necessary farm machinery that wears out each year—and this same situation is bound to create more unemployment in the manufacturing areas. If we are to pay these increased prices for maintenance and production, we maintain that a farmer should have not less than 100 percent of parity for wheat or that portion of any agricultural crop that is consumed by the people of this Nation. Any businessman must necessarily take a calculated risk in running any enterprise—however, the risk the farmer runs is doubled by the constant change of weather. If the farmer is wiped out by

any of the varying conditions, he must replace equipment, seed, and labor. Where is he to turn for the help he needs? The farmer always has been, is now and always will be the backbone of our Nation.

A great many farmers of my area who are vastly dissatisfied with the sliding scale of parity as it is administered today would like to try this domestic-parity bill for wheat. Therefore, Mr. Speaker, I urge passage of this measure.

Mr. Speaker, the list of domestic-parity bills which have been introduced during the 85th Congress and their authors is impressive indeed. Measures calling for the establishment of such a plan have been introduced by Members on both sides of the aisle, from both bodies, from the great States of Kansas, Oklahoma, North Dakota, Nebraska, South Dakota, Washington, Oregon, Minnesota, Wyoming, and New Mexico.

I estimate conservatively, Mr. Speaker, that 75 percent of the people in my district are friendly toward the domestic-parity plan for wheat; and, personally, I think it will do more to stabilize the economy of my district than anything else this Congress can do. We must have a farm program, Mr. Speaker. Without a domestic parity wheat section, I would find it extremely difficult to support the remainder of the bill.

Mr. MATTHEWS. Mr. Speaker, I rise in support of H. R. 12954 the bill that has been reported by the House Committee on Agriculture to attempt to give the farmer his fair share of the Nation's income, and to protect the consumer by making available agricultural commodities for the grocery basket at a fair price. I reserve the right, of course, to vote for any amendments, which I think will improve the legislation.

There are some features of this omnibus agricultural bill, frankly, that I would prefer not to see in the bill. However, I am not one of those who feels that we cannot do anything at all about the problem of the farmer and that we ought to just sit idly by and let nature take its course. In this instance to let nature take its course will mean the ultimate destruction of the American farmer as we have known him in the history of America from colonial times to our present era of greatness. Therefore, in this proposed legislation I, along with each of you, I assume, have had to take some of the bitter with the sweet. I want to repeat again, however, that I am in favor of this bill and I sincerely hope that the House passes it by an overwhelming majority.

The main features of H. R. 12954 extend for 1 year the Agricultural Trade Development and Assistance Act, and adds what we might term certain refinements to the bill, and it proposes new legislation for the agricultural commodities of rice, cotton, wool, wheat, milk, corn, and other feed grains.

I realize that this act does not cover all agricultural commodities, but upon contemplation, I think it could be proved that an overwhelming majority of the total income of the American farmer is covered by this bill. For example, there



is a new program for corn and other feed grains. This program, in my opinion, if passed, would enable the livestock producer to obtain a fair price for his livestock and at the same time will result in prices that are fair to the consumer. At the present time, our farmers are enjoying good prices for hogs and cattle. However, I make this direful prediction—that unless we pass this corn and feed grain bill, next year at this time our cattle and hog prices will be depressed. I hold to the view with I believe the majority of our committee, that cheap feed grains mean cheap livestock prices. From present indications we are going to have an overwhelming abundance of feed grains for this year, and unless a new program is attempted to keep the production of these grains in line with consumption, we are going to have the grains fed to more and more livestock and this, in turn, will lead to much heavier marketings of livestock and, in my opinion, will depress prices. So let it be stated in no vague terms that the livestock producer, and he represents a great segment of American agriculture, has a vital issue in this program.

Now, I think this point should be stressed also, and that is that one feature that is emphasized in H. R. 12954 is the democratic process of permitting the farmers, themselves, to vote on these new programs. In the instance of several commodities, alternative programs are given. The committee has worked for months to try to give the farmer a choice to be decided on in this democratic manner, and at the same time, it should be emphasized over and over again that the welfare of the consumer has constantly been in the thinking of the members of the committee.

Another thing about H. R. 12954 which is particularly appealing to me is the fact that it proposes to put the agricultural commodities which are in such great abundance in America today in the hands of American consumers, and in export trade, rather than pile these commodities in Government warehouses to add to the present terrific cost of storage. I sincerely believe, no matter what the guesses are by those who oppose this bill, that its enactment will result in less cost to the American taxpayer. I think this proposed legislation that we are considering is economically sound, and will mean a much better agricultural program at less expense.

Surely, Mr. Speaker, those of us who oppose this legislation cannot be blind to the fact that something has to be done to aid the American farmer. If we are opposed to this legislation, what is the alternative suggestion? I have little patience with those who constantly point with alarm at weaknesses in a program, but do not have the ability to suggest an alternative that will be better and that will solve the terrible plight of the American farmer. In the report of the committee which I am sure that all of you have read, in discussing the plight of the farmer, these points are emphasized:

Our total population consumed 11 percent more farm-produced foods, including more meats and other animal prod-

ucts, in 1957, than in 1952, yet our farmers received \$600 million less for that larger volume in 1957 than for the more limited volume in 1952. And, in contrast, consumers paid food processors and marketing middlemen \$6.1 billion, or 25 percent more in 1957 than in 1952, for hauling, processing, and handling the food between the farm gate and the retail counter.

Thus, in 5 years—comparing 1957 with 1952—we have witnessed these deteriorating circumstances in agriculture:

Total farm production—including fiber and other nonfood crops—up 6 percent in spite of record carryovers.

Farm prices, down 16 percent.

Farm parity ratio, down 18 percentage points.

Realized net farm income, down 19 percent, lowest point since 1942.

Purchasing power of that farm income, down 23 percent, lowest since 1940.

Farm debt at a record high, above \$20 billion.

Farm population declined 12 percent, from 24,283,000 in 1952 to 20,396,000 in 1957.

In 1952, net income per farm in the United States averaged \$2,789.

In 1957, 5 years later, net income per farm had dropped to \$2,496. In contrast the income of the average nonfarm family of 3 persons increased from \$5,499 in 1952, to \$3,135 in 1957.

In 1957, the returns to all farm workers for their labor and management reached a low of 69 cents an hour, while the average wage of industrial workers reached a high of \$2.07 an hour.

These, Mr. Speaker, are the irrefutable facts. These are the problems that we must face. If we are opposed to the pending legislation, what do we propose to take care of the proper claims of the 20 million farm people in America representing between 4 and 5 million families? Do we want to save the small farmer? Are we interested in the largest single small private enterprise system remaining in America; namely, the individual American farms? I am one who wants to try and save the small American farm. The critics of this proposed legislation will probably point out that with all of our expenditures, the small family farmer is still in a critical condition. May I, in turn, however, suggest that if it were not for our agricultural programs he would not even be in existence? Although his lot at the present time is deplorable, he would simply be nonexistent if it were not for the agricultural programs that we have had in the past. I want to save the American family farm. I want to make it possible for one man to continue owning, operating, and living on his farm unit. I feel that this is one of the safest guards against the encroachment of communism. It is interesting to note that in Russia and in Poland, the greatest resistance to state dictatorship has always been by the independent, rugged individual that we call the farmer. Well, I repeat again, if we are opposed to this legislation, what alternative do we have? I, for one, intend to support H. R. 12954 because, to put it bluntly, I see no alternative.

To those who are interested in agricultural commodities that are not included in this omnibus bill, may I remind you that such great programs as the use of section 32 funds, marketing agreements, the sugar program, and other great agricultural programs, are still on the statute books, and will, I hope, by the positive action of a great majority of us, continue on the statute books.

I have the honor of being on a subcommittee of the House Committee on Agriculture which is known as the Foreign Agricultural Operations Subcommittee. In this capacity, I am particularly interested in the provisions of H. R. 12954 that concern Public Law 480. As the members of the committee are aware, in 1953 and early 1954, there were vast agricultural surpluses accumulating in Government warehouses and it was believed that new approaches should be used to get rid of these surpluses. One of the proposals, and it later became law, was the Agricultural Trade Development and Assistance Act of 1954, which is now widely known as Public Law 480. At the time Public Law 480 was enacted, the investment in commodities held by the Commodity Credit Corporation totaled about \$6 billion, and this accumulation rose sharply to \$8.2 billion 2 years later. By that time, Public Law 480 began to have its full effect, and the CCC investment in agricultural surpluses has been reduced by nearly \$1.4 billion.

Public Law 480 provides for constructive means to use commodities. Under title I there is the authority to sell surpluses for foreign currency. Heretofore, these foreign currencies have been used for 11 different uses, detailed as follows: Agricultural market development; for our supplemental stockpile; for common defense; for purchase of goods for other countries; for grants for economic development; for loans to private enterprise; for payment of United States obligations; for loans to foreign governments; international educational exchange; translation of books and periodicals; for American sponsored schools and centers.

An amount not to exceed \$4 billion has been available for title I. H. R. 12954, now, increases that amount to \$5.5 billion, and adds other uses of foreign currencies, such as the acquisition by purchase, lease, rental, or otherwise, of sites and buildings and grounds abroad for United States Government use, including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities; for financing trade-fair participation and related activities; for financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States, and whether such books, periodicals, and other materials are of cultural or educational significance; and



for the financing of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948; and for providing assistance by grant or otherwise in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies.

Title II of the Public Law 480 authorizes the President to act quickly to donate commodities abroad to meet emergency situations such as those resulting from famine, flood, and drought.

Title III of the law authorizes the donation of commodities for relief use at home and for similar use abroad through programs conducted by United States voluntary relief agencies, and also emphasizes the program for the exchange of Commodity Credit Corporation commodities for strategic and other materials. In H. R. 12954, there are proposals to strengthen the barter transactions under title III, which have almost stopped.

Exports of United States farm products under Public Law 480 from 1954 through 1958 up until June are as follows: title I, \$2,065,000,000; title II, \$337 million; title III for barter, \$910 million; donations, \$622 million—or making a total of \$3,934,000,000.

Now, Mr. Speaker, there are many aspects of Public Law 480 which I hope our Committee on Agriculture will study thoroughly this next year. For example, the law is administered by a great mixture of Government agencies. In my opinion, there should be a more central direction of the program. Another problem that certainly causes me much worry is the vast accumulation of foreign currencies in the hands of our Government. I do not think it is healthy for America to have that great amount of power over foreign governments by an accumulation of a tremendous amount of a foreign government's currency. I think every effort should be made to dispose of these currencies in such a way that will be helpful to America, and that will also be helpful to our friends in other parts of the world. There is one aspect of Public Law 480 which I think should be greatly enlarged, and that is the provisions under title III which enable us to donate commodities for relief use at home and for similar use abroad.

There is no reason, Mr. Speaker, for one single American to go hungry. In fact, under title III of Public Law 480 we are making food available at the present time literally to millions of our people in family units, in charitable institutions; and if the need arises, millions more can be fed. Quite frequently a friend of mine will say to me, "Why should we help those people abroad when we have hungry people at home?" I want to repeat again that there is no

excuse for one single person in America being deprived of food. The plenty of American agriculture is available under title III through programs administered jointly by the several States, and by the Department of Agriculture to take care of the needs of America.

I think we should have a greatly expanding use of America's agricultural abundance to feed needy people abroad.

I have just finished reading a most stimulating book by John Gunther entitled "Inside Russia Today." In this timely book, Mr. Gunther says:

Agriculture is by far the sorest spot in Russia. The U. S. S. R. lives just as czarist Russia did, predominantly on the land. At least half the total population is engaged in agriculture in one form or another. The peasant, not Khrushchev, is king. Industrialization, scientific power, military strength, education, all depend basically on what wealth the dark masses on the land will, or will not, produce.

America is simply not using our vast agricultural production to win this cold war in the complete dramatic sense that we ought. We have the vehicle in Public Law 480, title III. This relief program will be approved, and has been approved, by the American people. This program to which I refer of distributing our agricultural surplus to hungry people abroad is carried out by 22 approved nonprofit American voluntary relief organizations, and certain of our intergovernmental organizations. These agencies reach more than 100 million persons in most of the free world. When we distribute food through these agencies it is on a person-to-person basis. The recipient knows that the gift comes from the American people. There is no better way, Mr. Speaker, to win friends and influence people in the cold war than to feed them when they are hungry. Out of the approximately 3 billion people in the world, there are a billion who do not even get one square meal a day. In tragic China, an informant recently told me that probably only 10 percent of the people of China are concerned about what type of government is in power in that country. Ninety percent of the people still have as their chief concern the getting of enough food to live. Now, I am not proposing a careless squandering of our agricultural surplus so as to help our enemies. But I do say that we ought to expand this program under title III to help us win the cold war. Why not a dramatic airlift in any friendly area of the world when famine is threatened? It doesn't cost much, Mr. Speaker. Many, many millions of our friendly allies can be fed for just the price of several extra bombers. I am not suggesting that we reduce our military strength, but surely as we view the methods to win this cold war in the broad perspective of the needs of the world, I repeat again that we have not used our great agricultural abundance to the extent that we should.

In the administration of title I of Public Law 480, Mr. Speaker, we have to deal with governments. We should deal with governments. Our approach should be on a government-to-government basis. In the distribution of food under

title III, however, through the help of our voluntary agencies, we distribute this food on a person-to-person basis. No local politician can subvert the meaning of the gift. The gift is on the basis of friendship of the American people to the people of the friendly country. The gift is on the basis of the Christian ideals of America, ideals that are too often cynically regarded by other nations in the world. I certainly intend to do every thing in my power to see a more effective use of title III to help us win the cold war.

Dr. R. Norris Wilson, the executive director of the central department of the Church World Service, New York, is quoted in a report by the other body as saying:

Our estimate is that it is possible on the average to distribute 250 pounds of food for \$1.00 in cost to the American churchman, and in many cases, much more than 250 pounds per dollar.

Churches do not regard America's plenty as an embarrassment, but believe it to be a gift of a wise, loving, and extravagantly generous providence to the American people in order precisely that we can help bear the burdens of the needy people of the world at this turbulent stage of history. \* \* \*

Fats and oils are probably the single greatest need at the moment in many areas. And if corn oil, or other grain derivative oils, could be made available to the program, it would strengthen it immeasurably. I am informed that on the first day of June 1957 the Commodity Credit Corporation of the United States Department of Agriculture will take title to approximately 40 million bushels of soybeans, which would yield approximately 180,000 short tons of soybean oil. This is a resource which would immeasurably enrich this program if some part of it could be made available.

We have programs overseas and small supplies of such oils as are available are actually doled out, almost drop by drop, for medicinal purposes, because of the shortage. \* \* \*

The total number of persons reached through the distribution facilities of Church World Service overseas is approximately 25 million to 30 million annually. Careful committee scrutiny is given to the list of needy persons and every pound of food is given directly to the ultimate consumer. This program is a decisive and helpful means to world peace.

Thus, we have one of the representatives of our great nonprofit voluntary relief organizations speaking out for this program. Surely the people in America through all of our various denominational faiths will want to have a greater part in carrying on this humanitarian program.

Time is limited, Mr. Speaker, so I will conclude by saying again that the problems of the American farmer need to be solved. We cannot solve these problems by being negative only and pointing out the loopholes in any proposed new agricultural program. I intend to be positive in my approach, so I am going to vote for H. R. 12954, and I reserve for myself, of course, the right to vote for any better program for the American farmer and the consumer when such a program is offered to us.

Mr. ROBISON of New York. Mr. Speaker, I feel constrained to vote against the granting of a rule for the consideration of the omnibus farm bill—H. R. 12954.



While the need for far-reaching, sound farm legislation is self evident, the bill that is now about to be presented to us seems to me to be so complex, so confusing, and so burdened with regulations as to be nearly impossible of administration. It is also my understanding that the bill is, in its present form, even impossible of explanation by many of the members of the House Agriculture Committee itself. I do not see how the Department of Agriculture, the commodity groups and the farm organizations, not to mention the individual farmers, could possibly work with it.

It also seems to me that the Agriculture Committee is to be commended for its sincere desire to write a bill attempting to aid several important segments of our farm economy at once, but, in view of the immediate necessity for extending the school milk program and the Agricultural Trade Development and Assistance Act of 1954, commonly called Public Law 480, both of which expire at the end of this month, and both of which are most worthy of extension, we might better now take separate action to accomplish those results, and then, when time is not so short, come back to a properly deliberate consideration of H. R. 12954. It would also be my hope that the Agriculture Committee could use the intervening time to perfect and clarify its bill and even perhaps remove some of the features therefrom that several of our farm organizations, notably the American Farm Bureau, have found to be objectionable. Certainly, in justice to the farmer and the consumer, further study seems required if the untried programs in the bill are to have any chance of contributing to the solution of our agricultural difficulties.

Mr. BROWN of Georgia. Mr. Speaker, H. R. 12954 sets up a new 3-year program providing national acreage allotments in 1959, 1960, and 1961 at no less than the requirements for domestic consumption and export—approximately 17,700,000 acres in 1959—and authorizes each cotton farmer a choice between (a) remaining within his original allotment and receiving price supports in 1959 at the 1958 level, in 1960 at 80 percent of parity, and in 1961 at 75 percent of parity, or (b) planting up to 33 1/3 percent above his original allotment and receiving price supports on all cotton he produces at not less than 60 percent of parity, the exact level to be determined by the Secretary of Agriculture. The 4-acre minimum allotment provisions of the present law would be continued.

H. R. 12954 would extend the Agricultural Trade Development and Assistance Act—Public Law 480—and authorize sale of an additional \$1.5 billion in farm products. The bill directs an expanded barter program. H. R. 12954 would make use of foreign currencies, obtained in the sale abroad of agricultural commodities, for sites and buildings abroad, trade fair participation, and related activities, translation of foreign scientific publications, an expanded educational exchange program, public health activities, and operation of American colleges and other schools in foreign countries. This bill permits the Secretary of Agriculture to

set price supports for rice at between 75 and 90 percent of parity, continues the National Wool Act until March 31, 1962, permits the wheat producers to vote on the present program or a substitute program, permits the dairy farmers to choose between the present support program and a new 3-year program, and provides for feed grain producers to choose between discarding all supports or accepting two alternative programs. This bill would continue the special school milk program, and the programs for donation of dairy products to the armed services and veterans' hospitals for 3 additional years, and extends the donation program to the United States Merchant Marine Academy.

While it is indicated in the committee report that H. R. 12954 will improve the income of producers of a number of major crops, it is also stated that the bill does not restore a full parity position to agriculture such as prevailed for the 11 consecutive years from 1942 to 1952. Nevertheless, the problem of the committee is set forth on page 3 of the report, for it is stated that the bill is written in the shadows of Presidential vetoes. The committee report continues by stating as follows:

This bill, therefore, represents a compromise between the administration's policy of constantly lowering farm prices on the one hand and, on the other, the often expressed objective of the Congress to maintain agriculture on a parity with other areas of the general economic structure. While it does not bring back a completely equitable price position for agriculture, it rejects the administration's proposition that the Secretary of Agriculture be given a completely free hand to reduce price supports as low as 60 percent of parity, where now the legal minimum is 75 percent of parity.

With respect to cotton, the report indicates that it has been estimated that for 1959 domestic consumption plus exports would equal about 13 million bales, resulting in a national acreage allotment for 1959 of approximately 17,770,000 acres. This compares with an acreage allotment of approximately 17,390,000 acres for 1958. It is my belief that cotton acreage which is not used in any county should be made available for reallocation within the county, and that such acreage as may not be reallocated within the county should be made available within the State.

It is stated in the committee report that those farmers who elect to stay within the acreage allotment will receive price support in 1959 at not less than the percentage of parity applicable to the 1958 crop, which is currently estimated at 83 to 84 percent. In 1960 the price support would be not less than 80 percent of parity, and in 1961 not less than 75 percent of parity.

The real test of the adequacy of any farm program is whether its provisions will permit the farmer to receive his fair share of income. It is of little practical value to have acreage allotments which are fixed so low that the small farmer is permitted to merely exist rather than to utilize his best efforts in supporting himself and his family. I have repeatedly introduced legislation to increase these acreage allotments for the

small cotton farmers. The editor of a county newspaper in the district which I represent recently wrote that the cotton acreage in his county had been reduced from 25,242 acres in 1950 to 5,500 acres in 1958. The editor of this newspaper states that the people who formerly prepared land, planted and cultivated the crop have to eat, as do those who did the harvesting, and that there are not enough jobs in industry to absorb these workers who were geared to a cotton economy. He further states that these people who did the work spent money for food, clothing and automobiles which they will not spend under these reduced acreages.

I have stated on previous occasions that the conditions which prevail on the farm are ultimately reflected in the entire national economy. It has been estimated that agriculture serves as the basis for 35 percent to 40 percent of the jobs of all workers in this country—even though only 12 percent of the people make their living directly from the farm, and that United States farmers purchase about \$17 billion worth of manufactured goods to use in production each year. It is significant that the industries from which farmers draw great quantities of supplies for production purposes are at present the ones suffering rather severe economic recession. Agriculture has suffered from declining sales and increasing costs for 6 years, and farm production expenses have gone up while cash sales have dropped. Of the 50,000 farm units lost in Georgia between 1940 and 1954, the big decrease came in the farms having less than 100 acres.

The committee report points out that our total population consumed 11 percent more farm-produced goods in 1957 than in 1952, yet our farmers received \$600 million less for that larger volume of production in 1957 than for the more limited volume in 1952. During the past 5 years farm prices have gone down 16 percent, the farm parity ratio has dropped 18 percentage points, the realized net farm income has dropped 19 percent to the lowest point since 1942, and the purchasing power of that farm income is down 23 percent to the lowest point since 1940, and the farm population has declined 12 percent. In 1957, the returns to all farmworkers for their labor and management reached a low of 69 cents per hour, while the average wage of the industrial workers reached a high of \$2.07 an hour. Farm debt has reached a record high of \$20 billion, and the average income per farm has dropped from \$2,789 to \$2,496 during the past 5-year period, during which period there has been an overall inflated economy. Although the number of consumers supported by 1 farmworker has doubled from 10 in the 1930's to more than 20 today, the rewards to the farmer have constantly declined. While some of us would commend the farmer for a job well done and look to the resulting opportunities ahead for our ever-increasing population in this period of scientific advancement, there are others who would adjust the agricultural imbalances of the present and repay the farmers for



their productive achievements by ejecting them from the land.

The cotton farmer has employed efficient methods to increase his productive capacity substantially, but has been placed in a position of planting small acreage and of purchasing his supplies and family needs in a highly subsidized and inflated economy. The means must be found to secure for the farmer his fair share of income. Considerable thought has recently been given to a price system for cotton which would equal 100 percent of parity on domestic sales and permit the farmer to compete in the world market on nondomestic sales. This program has been suggested by many people, including Senator TALMADGE of my State. If we could secure this program it would be better than anything that has been suggested, and it would not cost the Government any more than, if as much as, the current agricultural program.

The current farm situation requires not only our best efforts in the passage of legislation, but a more determined effort and optimistic approach in the administration of agricultural programs. Solutions to these problems are not to be found through devoting the total effort to worrying over so-called unmanageable surpluses or urging farmers to move off of the farms. It would be far better to devote more administrative effort to the question of why the United States has lost its foreign cotton markets at a time when the world population and consumption have been on the increase, and at a time when this Nation has been negotiating numerous agreements with other nations and furnishing substantial aid to other nations.

Indications are that farm surpluses would not be a problem if substantially increased efforts were devoted to finding new uses for agricultural products. The Commission on Increased Industrial Use of Agricultural Products recently reported to the Congress that farm-produced materials can be modified, tailored to particular needs, taken apart, and recombined to make new products with new properties. The Commission's report outlined 106 broad fields of research and development, including hundreds of product uses, that seem to promise fruitful results. As I have previously stated on the floor of the House, the small expenditures for agricultural utilization research are grossly inadequate.

I am glad to note that the committee report would place increased emphasis upon achieving more tangible results under the barter program. In the administration of this program it has been restricted and at times suspended. The barter program presents the opportunity for the Department of Agriculture to utilize its efforts in the interest of increased agricultural sales. The committee report concludes that the action of the Department of Agriculture placing upon potential barter contractors the burden of proving that surplus agricultural commodities disposed of by them under the program would not interfere with dollar sales is a major device used by the Department to curtail the barter program. The committee report further

indicates that the areas of the free world into which surpluses may be moved have been restricted by certificates of additivity, and that the language in the bill is designed to remove this roadblock. It is also stated in the report that there is evidence that many barter transactions which would have disposed of very substantial quantities of agricultural surpluses have not been made because of the Department's insistence that the material to be received in exchange could not be processed in the United States. It is my belief that the barter program has been administered on a more restrictive basis than was intended by the Congress, and this bill clearly indicates that greater emphasis is to be placed upon the barter program in the future.

It is my belief that solutions to farm problems must be based upon the assumption that agriculture is a major and continuing segment in our overall economy, that the farmer is entitled to a fair share of income, and that it be recognized that greater progress is to be achieved through the utilization of the productive capacities of the farms. As I have previously stated, I believe that it is imperative that there be a more optimistic approach to farming through the encouragement of scientific development to find new uses, the encouragement of a proper balance between agriculture and industry in local areas, the recovery of lost foreign markets, the utilization of existing laws and American salesmanship, and the fullest cooperation of the State Department and administrative agencies and departments.

It is my belief that we must give the farmers more acreage. Although this bill gives the farmers some relief, it is not as much as I would like to see them have. I had hoped that we could get some more favorable legislation at this session, but it seems that H. R. 12954 is the best bill the committee could vote out. We must pass some farm program at this session. Although I am not satisfied with the bill, it gives the farmers some relief, and perhaps the best prospect we have is to pass this bill. I again urge that our agricultural programs be written and administered in such manner as to permit the farmers to continue to live on the farms, and it is essential that there be adequate acreage and adequate floor prices coupled with the maximum effort to increase export sales.

Mrs. KNUTSON. Mr. Speaker, H. R. 12954—the farm bill—is all-American legislation. I am for it all down the line.

This bill stands out from the usual. It transcends class legislation. Although it is designed to help the American farm, it will be of immeasurable help to our economy as a whole: to commerce, to industry, to science, and to education.

Minnesota's Gov. Orville L. Freeman estimates that the passage of H. R. 12954 would add \$120 million to the current year's estimated farm income of our State.

Dollars are a good thing to have around. But you cannot measure the value of this bill by dollars alone. You must take into consideration what it will do for human beings.

Because of this bill some boy may have a chance to go to school, so that he, eventually, may match the accomplishments of the Mayo brothers.

Because of this bill, a farm woman may be able to buy needed appliances, thus freeing her from backbreaking labor and giving her a longer, more useful life. Because of this bill, a family farm which has been literally cut out of the wilderness may be saved to that family and give its produce to more men and women.

H. R. 12954 is a good bill. It is not all I could wish for the preservation and advancement of our family farms. Still, it is a wise bill, representing definite forward progress. In this respect, I believe with Franklin Delano Roosevelt in an address prepared, but not delivered, due to his untimely death: "The only limit to our realization of tomorrow will be our doubts of today."

Let us cease to doubt. Let us act. Let us pass this bill which will give stability to the family farm: the launching point, the Cape Canaveral, if you please, of the space-surmounting destiny of this Nation.

Our farmers deserve the passage of H. R. 12954 for, as Daniel Webster declared on January 13, 1840:

When tillage begins, other arts follow. The farmers, therefore, are the founders of human civilization.

Mr. SMITH of Kansas. Mr. Speaker, for the past 5 years, Secretary of Agriculture Benson has been saying he would not support any farm program or policy which he believed was not in the best interest of the farmers and of the consumer.

He has arrogated to himself all the virtue and all the sincerity in regard to farm programs. He implies by all his remarks that anyone who disagrees with him is not serving the best interests of the farmer.

Mr. Benson has always seemed to infer his first duty was to the consumer. He further seemingly believes that he should bankrupt the farmer in trying to dispose of our surplus grains.

Neither Benson nor his advisers ever quite seem to understand that low prices force the farmer to increase production as the farmers' living costs go higher. When some of us talk about a program for wheat that will force it through regular trade channels, instead of Government bins, he points his finger at us and says in effect, "You may be the elected representatives of the people, but I am appointed by the President, hence, I am right and you are wrong."

He further has stated in almost all his speeches, his first concern must be the consumer, "My duty is to keep prices down." There is not an eighth grade schoolboy in America who doesn't know that food prices have risen to an alltime high while Secretary Benson has been making speeches about keeping prices down and at the same time kicking the farmer.

There have been a lot of unwise farm programs, but no one yet of Mr. Benson's entourage has explained why under his policies and recommended veto that the farmers share of the consumers food



dollar has declined from about 51 to 39 cents during his administration.

During recent weeks the Secretary has taken advantage of increased prices of cattle and hogs and says, "Look what I have done," and how the farm income is going up.

Everyone knows that Secretary Benson had about as much to do with the advance in livestock prices as did the Emperor of Japan. Drought and the law of supply and demand brought these advances.

A common question around the Congress during the past few years has been this, "What happened to the farm bloc?" Everyone knows that during the last two Congresses the farm bloc is no longer important. In fact Walter Reuther, Jimmy Hoffa, or almost any other national labor boss has 10 times as much influence as the so-called farm bloc.

What are the reasons for this decline in influence? There are, of course, many reasons, but one of the minor reasons is Ezra Taft Benson. His policy of dictating, suggesting, directing, prescribing, and instructing on all farm legislation was helpful in bringing about this breakup of the farm bloc.

The doctrine of Benson, along with a loss in farm population from 30 percent of the total United States population to 13 percent, is, of course, the major cause.

This year we will again produce a bumper wheat crop. All sorts of reasons are given for the surplus in wheat. The so-called wheat farmer and cotton farmer, as a class, are suffering more from the so-called surplus than any other class of farmers.

We must in thinking of the surplus wheat problem remember that wheat is the most widely cultivated food grain in the world. And it is also true that somewhere throughout the world in each month of the year wheat is being harvested.

We in America have three surplus food grains—wheat, rice, and corn. We seemingly are appalled at these surpluses, but few seem to remember that all permanent ancient civilizations were founded on growing cereals.

Wheat established ancient Persia, Babylonia, Egypt, Rome, and Greece. Rice was the basic crop of ancient China, India, and Japan while corn, a comparative newcomer, was the basic food of the Inca, Maya, and Aztec civilizations in Mexico.

It is also estimated that throughout the world 400 million acres of wheat are planted each year and in the United States we, by law, can plant 55 million acres.

Throughout the years that we have had wheat programs passed by Congress little or no attention has been paid to one of the vital factors in the production of wheat, both as to quality and quantity, namely, weather. This weather factor is extremely important. All the programs of marketing quotas and allotments never take this factor into consideration. An irrigated farm gets the same allotment as one which can only raise a crop once in 3 years on the average.

In view of the widespread production throughout the world wheat is an inter-

national commodity and is extremely sensitive to price changes, a difference of one-half cent a bushel will many times make a sale. It is said that for the past 30 years the average world trade in wheat averaged about 820 million bushels a year.

The carryover of United States stocks after this year's bumper crop will again surge upward.

If present programs in wheat are followed out the carryover will probably increase each year. Therefore, any new wheat program should carefully consider the effects of this program on our carryover stocks of surplus wheat.

Many of us who have tried to understand and get together a workable wheat program believe very firmly that the domestic-parity plan is the solution to our wheat surplus. This plan, if adopted, would not solve the surplus overnight or this year, but over a period of years will have the desired results—reduce the surplus. The basic reason why this is a good program is that the wheat farmers will not year by year get reduced acreage and thereby less return for their labors. We know that the 90-percent parity formula did not reduce the surplus, and certainly there is no large segment of wheat experts except Secretary Benson who firmly believe that the flexible price-support formula will solve the surplus problem.

So there is today in this so-called omnibus-farm bill a plan called the domestic-parity plan—which we believe means maximum production and minimum Government control, more wheat in use, plus a stabilizing of the income of the wheat farmer.

Let us take a little closer look at this plan.

At the outset of any discussion of the present so-called omnibus farm bill, it is well to keep in mind that the basic provisions of the wheat section of this bill is commonly referred to as the domestic parity plan for wheat.

The approach to the problems of the wheat grower and his surplus in this bill is not new because twice before has the House passed this domestic parity plan and the Senate has passed it once.

The President 2 years ago vetoed a farm bill which contained this domestic parity plan.

It should be remembered that this so-called domestic parity plan is not some new idea just dreamed up by some individual Congressman from a wheat State. It can safely be said it has universal appeal among the wheatgrowers of the principal wheatgrowing States. As proof of this statement we find from an examination of the CONGRESSIONAL RECORD that Members of Congress from Kansas, North Dakota, Oklahoma, Nebraska, South Dakota, Washington, Oregon, Colorado, Minnesota, Wyoming and New Mexico have introduced similar wheat domestic parity bills.

According to the present law only 55 million acres is authorized for wheat.

The Members of Congress from the above named States represent 46,391,000 acres of wheat allotment. This clearly indicates that a majority of the wheatgrowers believe in this approach to our

wheat problems and excess production—or so many Members of Congress would not have introduced so many similar bills.

A great many reasons have been advanced why this wheat section should be stricken from the bill. It is strange indeed to find that the opposition to this wheat section comes basically from my Republican colleagues and it is alarming to me that their chief argument against the bill is that the Secretary of Agriculture, Mr. Benson, will recommend, if the bill is passed with the wheat section in it, that the bill be vetoed.

It has always been my conception of our Government—until a few years ago, at least—that the Congress in their wisdom enacted the laws, but that idea seems to be a bit old fashioned and it is to be regretted that this idea prevails that no bill should be considered without prior approval of the President. It has become almost a common everyday occurrence around some members of our committee to always start the discussion with this query, "Will Secretary Benson approve this?" or just simply, "What does Benson think?"

It seems quite apparent with the Supreme Court writing legislation as far as States rights is concerned, and also interpreting all anticommunism laws in favor of the Communists, that the prestige of the Congress and the legislative branch becomes less important, if the executive and judicial branches are going to say what Congress can do in the way of legislation.

One of the objections raised by the Department of Agriculture in regard to this wheat section is that the consumer will think his price of bread will go up. Has anyone ever heard of the present Secretary of Labor objecting to labor legislation because it would raise wages? In fact, the Secretary of Labor has always been at the forefront advocating higher minimum wage laws. But the present Department of Agriculture head concerns himself with the consumer, not the grower of food.

In fact, in the report of the Secretary of Agriculture as to the merits of the wheat section of this bill, it frankly says, the consumer will think it will raise the price of bread, when in fact it probably will not.

A most interesting fact about the price of wheat as related to consumption is this: Wheat is the only basic food that I know of that if you lower the price you do not increase the consumption.

In 1910 the wheat per capita consumption in the United States was 6 bushels per person; in 1957 it was 3.4 bushels per person. The eating habits and diet fads have largely brought this about. Based on 170 million, which is supposed to be the present population of the United States, and if we ate as much wheat per capita as we did 50 years ago—last year we did not produce enough wheat to feed our population—we would have been a few million bushels short.

The National Wheat Growers Association whose primary purpose is to promote the general welfare of the wheat farmer of the United States by means of fair legislation to all parts of our general



economy support this domestic parity plan as contained in this wheat section of the bill under consideration.

Mr. Herbert J. Hughes, president of the National Association of Wheat Growers, has pointed out repeatedly in his statements in support of this plan the sole objective is to get full parity for the wheat the United States needs and to gradually reduce the present wheat surplus. In order that all may more fully understand the issues involved and the attitude of the National Wheat Growers Association in detail, here is what he said in a recent interview:

Question. Mr. Hughes, why is the domestic parity plan which is included in the Senate farm bill, called the two-price system?

Answer. That term really isn't accurate. It has come into use because the plan provides two levels of income. Actually there would be only one price for wheat—that which the crop would bring in the market.

But for that part of the crop that we use for food in this country, the grower would receive 100 percent of parity. The difference between parity and the market price would be paid by income certificates.

Question. Would these certificates be negotiable, like checks or currency?

Answer. Not in the sense that a cashier's check would be. The certificate would be made to the grower for a certain number of bushels. When the bushel value of the wheat had been set by the Secretary of Agriculture, the certificates could be cashed at the county ASC office or at the bank.

They would be handled through the Federal Reserve System and come back to Commodity Credit Corporation where they would be charged to the revolving fund.

Question. Where would the revolving fund come from?

Answer. It would come from the miller. After he has milled the wheat and is ready to sell the flour, he would buy certificates from CCC equal to the number of bushels he has milled. Cost of the certificates would be added to the price of the flour when it is sold to the baker.

Question. Would that increase the cost of bread?

Answer. I doubt it. Wheat price doesn't affect bread prices much. Price of wheat has dropped about a third since 1947, but bread has gone up 3 to 4 cents a loaf.

Question. Assuming that Congress accepts domestic parity, how would it apply to an individual wheat farmer?

Answer. Let's take a farmer with a 100-acre wheat allotment with a normal yield of 20 bushels an acre. That 100 acres is his proportionate share of the 55-million-acre national allotment. Normally he would produce about 2,000 bushels a year. The share of his crop for domestic consumption would be about 55 percent—or 1,100 bushels. For that he would get domestic parity certificates.

Now, let's say parity is \$2.50 a bushel, and the Secretary of Agriculture estimates the market price at \$1.60 for the season. The difference is 90 cents a bushel. This farmer's certificate would be worth 1,100 times 90 cents, or \$990.

Question. Then that's where you get the term, "domestic parity?"

Answer. Right. That's the key to the plan. The producer would get full parity for only that part of the crop we need for our own food use.

Question. Who would sell the wheat?

Answer. The grower himself.

Question. Suppose his crop turned out at 30 bushels instead of 20?

Answer. He would get the market price for all of it. But he would still get domestic parity certificates for only 1,100 bushels.

Question. When could he cash his parity certificates?

Answer. The Secretary would estimate parity price and average market price, say in June of the marketing year. After those prices were set, the grower could cash his certificates.

Question. Suppose he had a crop failure?

Answer. He would still have his certificate good for 90 cents on 1,100 bushels.

Question. What would we do about wheat allotments under domestic parity?

Answer. We would have exactly the same allotment program as we have today—as long as we have a wheat surplus. Only when the wheat supply would drop to a point where the present law would permit allotment removal, would we get away from them. Only when we have reduced the supply of wheat in storage, will we be able to increase or drop allotments.

Question. Do you think the domestic parity plan would reduce the wheat supply?

Answer. Yes. Let us take our 1955 crop of 1940 million bushels. We expect to move about 900 million bushels in domestic food needs, in exports, and in livestock feed and seed. That means we produced 40 million bushels more than we had a market for.

We would hope under domestic parity that we would be able to move another 100 million bushels into feed from current production. In other words, we could have sold 60 million bushels out of surplus into export.

Question. But other feed grains have increased, have they not?

Answer. Yes; and at the expense of corn. Much of the acreage shifted out of wheat and cotton has gone into crops such as grain sorghums, barley, and oats. Actually, shifting wheat acres into other grains has resulted in more feed production than if part of the wheat could have gone into feed.

Question. Under the domestic parity plan, would there be more competition from wheat on the free corn market?

Answer. I cannot see that there would. It would depend, I think, on farmer participation in the corn program.

This year, for example, market price of corn has been 30 to 60 cents under supports. Support price of wheat under domestic parity would be based on support price of corn—not on the market price. If free market corn is considerably less than the support price, there would be less chance for wheat to move into the corn market.

Question. Then how would you get more wheat into feed?

Answer. We do not think we are going to get much more wheat into feed as long as acreage of other feed grains is increasing. If you check the past, you will find that we never get a lot of wheat fed except when there was a shortage of feed grains.

It is going to be difficult to get a price relationship that will move an additional 100 million bushels of wheat into feed as long as there are plenty of other grains. However some additional wheat will be fed on the east and west coasts.

Question. Would our hard red winter wheat growers have more incentive to grow high quality wheat under domestic parity than they now have?

Answer. I think so—if the support price is set reasonably close to feed value. That should encourage growers to produce high quality milling wheat for market competition.

We need to get away from the situation where the farmer can grow poor quality wheat just because it yields more—than turn it over to CCC on a loan.

Question. Would the domestic parity certificate specify any kind of wheat?

Answer. No; the grower would choose any variety he wishes.

Question. Would I have to grow wheat to get a certificate?

Answer. Yes. You must plant the number of acres which, under normal yields, would produce the amount covered by your certificate.

Question. If I have a crop failure, would I still get a certificate?

Answer. Yes; that's a point that is misunderstood. You would get the certificate after you plant your wheat. But you couldn't quit growing wheat and start growing certificates.

Question. But if my crop failed, I could still cash the certificate?

Answer. Right. It would still be worth its face value as set by the Secretary of Agriculture. That is a sort of crop insurance feature of the domestic parity plan.

Question. How would the Soil Bank fit into the domestic parity program?

Answer. Well, a man with a half section in my country is already down to about a 100-acre wheat allotment. If he would choose to take some of the acreage that he has been putting to grain sorghum, barley, or oats, and place it in the conservation reserve, he would be free to do so. That's what we would encourage him to do.

Question. Would domestic parity do anything with present CCC wheat stocks?

Answer. I want to emphasize that we anticipate in no way unloading CCC stocks on the feed market. More wheat would go into feed only if the grower is willing to produce it and sell it on the market at feed prices or feed it himself.

If we continued to move wheat into CCC stocks at above market price, and CCC sold it back at feed prices, wheatgrowers clearly would be getting a subsidy. Then corn-growers would be justifiably critical.

Question. Would this new program be harder to administer than the present one?

Answer. It should not be. It is exactly the same as the present program except for the distribution and cashing of the certificates. There would be no marketing quotas nor penalties for excess production.

Question. Do you think two-thirds of the wheatgrowers would vote for the domestic parity plan as required in the Senate farm bill amendment?

Answer. I think the vote would depend on how well the National Association of Wheat Growers can explain the program, and how well other farm organizations and the USDA cooperate in an educational program. Any wheatgrower who understands it will be favorable. A vote probably would be taken in June of this year. That doesn't leave much time.

Question. Under domestic parity would we sell on a competitive world market—or would we still market under an export subsidy?

Answer. We would prefer to be on a competitive world market, but we see no chance of doing it. We will have to support the price of wheat at a point higher than world price in order to protect producers of feed grains.

Question. How low would we have to go to get in a world market?

Answer. I don't think we are going to increase exports much no matter what we do with prices. The subsidy is about 70 cents a bushel now, however.

Question. Why is that?

Answer. Lots of folks think all we need to do to move surplus wheat is to lower prices. The situation is that other exporting countries cannot let us do that.

Worldwide wheat consumption is comparatively inelastic, as it is in this country. If we moved much more wheat into exports than we do now, we would be taking the market from some other country whose economy is based on wheat. That country would have to follow the price down to share the market.

Question. But wouldn't a lower world price help the wheat importing countries?

Answer. Here's a point many don't understand. A number of importing countries buy wheat from us at one price and sell it at a higher price to mills in their country.



They use the difference to subsidize their own producers.

If we sold wheat to them cheaper, it would mean they would have even more money to encourage their own producers.

Question. Then the increase in wheat consumption under domestic parity would be in feed grains?

Answer. That is right. Our food consumption is about static at 500 million bushels a year. We can't expect much increase in exports. So the only place wheat growers can move is into the feed market.

Our meat consumption is increasing. So about the only way we can get wheat into our increasing population is through livestock and poultry feed.

Question. Do you think the way our price supports are rigged that wheat is taking the brunt of production controls?

Answer. I wouldn't say it is due to price supports. Most wheat growers actually reduced production when they reduced acreage. Production of wheat and rice has dropped about 30 percent since 1947 while production of most other crops has increased.

Question. Do you think wheat should adjust still further?

Answer. We increased our agricultural plant to meet wartime needs. Now the plant is producing more than we need. We must make a basic policy decision. We've got to decide whether export crops alone must adjust, or whether all of agriculture should share a little to keep the blow of economic adjustment from falling too heavily on export crops.

Mr. Clifford Hope, a most distinguished former Member of the House and who was twice chairman of the House Agriculture Committee, always actively supported the domestic parity plan for wheat. Mr. Hope in the last speech he made in favor of the domestic parity plan said:

Flexible price supports have not had the effect of reducing wheat acreage or expanding wheat consumption. Such acreage reductions as have taken place have been the result of acreage allotments and marketing quotas. The principal effect of flexible price supports has been to reduce farmers' income from wheat. Another effect has been to reduce the value of all governmental wheat stocks to the level of the reduced support price. This is compensated for to some extent by the fact that lower supports make it possible to reduce export subsidies.

Certainly the proponents of this legislation are not unmindful of the cost of this proposed bill. We who believe in this proposal feel that it will help the American taxpayer who many times is forgotten when legislation of this kind is being considered. It is quite apparent that there are two distinct savings that will automatically accrue to the taxpayer if this legislation becomes law. It will do away with the need for export subsidies which, over the past few years, has amounted to almost a billion dollars.

The biggest saving will come about for the reason it will eventually eliminate the astronomical storage charges that have been paid for the storage of the surplus wheat. In addition to doing away with these storage charges the losses of price support loans will be reduced—because now the Government has to assume the loss. It is generally believed that administrative costs of this suggested program will be much less than the present program.

No one or no agency can be absolutely accurate as to the cost of this domestic parity plan but the administrative costs may be established on an analytical basis and it is believed that the administrative costs would be about as follows: For establishing domestic quotas, \$200,000; cost of issuing certificates to producers, \$800,000; cost of handling processors' certificates, \$500,000; increased administrative costs, \$1,500,000. These estimated costs are based upon the same volume of price support operations.

During the fiscal year of 1957-58, the average cost to handle a loan was a little over \$10. There were a little over 200,000 wheat loans made during the above fiscal year.

It is believed that the export subsidy would be much less under this domestic parity plan. During the 1957-58 fiscal period the subsidy on 400 million bushels at 75 cents subsidy amounted to \$300 million. Under this plan as now being considered for the same number of bushels it would cost 25 cents—subsidy—per bushel, or \$100 million; on this comparison a saving to the taxpayer would be made of \$200 million.

Many have asked if this domestic parity plan will change the parity prices of wheat and corn. The level of parity will remain unchanged with the parity price of wheat \$2.42 and corn \$1.76.

The price support level for corn will remain 77 percent of parity or \$1.36 per bushel.

The feed ratio in these computations is the general formula in use on a bushel basis of wheat to corn 105 percent. The support price for wheat is \$1.36 times 105 percent or \$1.43.

It is generally assumed by those who have long studied this plan that under it the domestic food wheat consumption quota would be 480 million bushels and based on past experience and averages the number of bushels that would be exported would be 400 million. The domestic and export would be 880 million bushels and we can assume that under this plan 60 million acres would be planted and using past figures there is a yearly 11.9 percent abandoned acres which leaves 53 million acres to be harvested; taking a high above-average yield of 19.5 bushels per acre this gives us a total production of 1,025,000,000 bushels, assuming that 60 million acres would be planted those planted acres would consume 60 million bushels of seed.

The world price would remain unchanged at about \$1.40 per bushel f. o. b. Atlantic Gulf Seaboard.

If we compare the costs under the present program and this domestic parity plan we know what the 1957-58 actual operations costs to be. There are 256.3 million bushels under price support and an expected delivery of another 168 million bushels. The loan rate of 75 percent of parity is \$1.81. Therefore, this 168 million times \$1.81 will be \$304 million.

Under a domestic parity plan, with a loan rate of \$1.43, the acquisition cost of 168 million bushels would be \$240 million, giving us a saving of \$64 million.

The figures and estimates set out above is based on the assumption that there would be about the same volume as under the present program. It is quite evident that if there was lower level of price supports this would naturally increase a saving in acquisition costs.

There is one factor in the present law that causes much concern to our State Department and those charged with our Foreign Relations. Under the present operating plan it is necessary to subsidize all wheat exports by direct payments from Federal Treasury at about 75 cents a bushel. This causes other wheat producing countries to accuse the United States of dumping our wheat and taking their markets. Under the domestic parity plan wheat for export would move at the market price without benefit of a subsidy. This domestic parity plan would certainly do away with the charge of United States dumping of wheat.

One of the dangers pointed out by many in the Agriculture Department and some Members of Congress coming from the city areas is that this plan would increase the cost of bread.

Clifford Hope, ex-chairman of the House Committee on Agriculture, said in answer to this question:

It should also be kept in mind that the amount of wheat in a loaf of bread costs about 2½ cents and has little effect on the retail price. For instance, in January 1948, the farm price of wheat reached a peak of \$2.81 per bushel, and the average price of a 1 pound loaf of bread was 13.8 cents. Today the farm price of wheat has dropped to less than \$2, yet the average price of a pound loaf of bread has increased to 17.5 cents.

There is another very important factor which should be considered by those who have been critical of the present program in that a bushel of wheat was a bushel of wheat, regardless of quality. Under the domestic parity plan, wheat will be sold on the open market and its price will be largely based on quality. This plan will clearly be an inducement for all wheat farmers to produce and grow quality wheat. This certainly is better than the price being determined by edict of some Secretary of Agriculture.

Former Congressman Clifford Hope, in summarizing the advantages of the domestic parity plan over the present existing program, said:

First. Returns to the farmer would be somewhat greater than under the present program, and there is a good prospect that expanded outlets might substantially increase these returns in the future.

Second. Marketing quotas and marketing penalties would be eliminated and acreage controls greatly minimized and possibly eliminated in the course of time.

Third. Relief to taxpayers would be afforded through an immediate substantial reduction in the costs of the present program and eventual elimination of practically all such costs.

Fourth. To a large extent, it would take the Government out of the warehousing and marketing of wheat and in the end probably do away with such activities altogether.

Fifth. Wheat would be produced for market instead of for Government loans and storage, thus encouraging the production of wheat with superior milling qualities.



Sixth. Producers of livestock and poultry, wherever situated, would be able to produce wheat for feed or buy wheat at feed prices.

Seventh. There would be some expansion of wheat exports through the elimination of redtape and other obstacles existing at present.

Eighth. The plan would be a recognition of the fact that wheat is produced and used for various purposes and would furnish an effective method of moving wheat into its natural outlets and market channels.

Ninth. It would return to the farmer greater freedom and control over his activities.

It is to be noted that much of the opposition to the domestic parity plan comes from midwestern corn farmers. They always say wheat under this domestic parity plan becomes competitive with corn as a feed grain. These corn interests and their representatives are always talking about "the waving fields of wheat" but they do not yet seem to understand that their real competitors are not wheat farmers but the sorghum grain farmers.

Kansas is known as a wheat State but last year Kansas produced more bushels of sorghum grain than wheat. This sorghum grain is a direct competitor with corn as a grain feed. In fact some feeders of livestock now prefer sorghum grain to corn as a feed.

Mr. COAD. Mr. Speaker, it is obvious that among the Members of the House today there is a coalition whose prime efforts will be to defeat the rule which calls for debate on the omnibus farm bill, H. R. 12954. This is not just an assumption on my part for it has been stated many times during this discussion on the floor and it is apparently an organized effort. But before we rush headlong into something as serious as killing a rule let us ponder a moment and realize the importance of proceeding with full debate on this measure.

Mr. Speaker, we are concerned about making certain that our Nation is strong. We want our Nation strong against enemies from abroad and from those within. We are concerned about the threat of communism. We are concerned about the Russian sputnik and scientific lead. We are concerned about maintaining a free world which has been assisted in large part by our mutual security programs. We are concerned about our Nation internally—our recession problems, our cost of living inflationary spiral, unemployment, and all the rest of those troublesome and perplexing difficulties. Mr. Speaker, while this House may not have passed every bill concerning these problems just as they have been brought to this floor, at least we have done the decent and democratic thing in letting the problems be fully debated.

But here are those, and I regret that many are from farm districts, who are saying that we should not even discuss this matter. They are saying that we should not even have an opportunity to vote on the pros and the cons of this legislation.

Now just because the Secretary of Agriculture, and Time magazine, and some of the other slick-back magazines have been playing up the temporary favorable farm price situation does not

mean that agriculture is out of the woods. Let us appraise the facts accurately. Let us take a look at what the situation really is.

Total farm production is up 6 percent in spite of record carryovers; farm prices are down 16 percent; farm parity ratio is down 18 percent; realized net farm income is down 19 percent and the purchasing power of that farm income is down 23 percent which is the lowest level since 1940.

The current rise in farm income which has occurred in only a few commodities has been the result of heavy restocking of revived livestock pastures in the cattle country and the freeze in the fruit and vegetable areas this spring.

The weather cut down the market supply of these farm products and the prices increased. But according to the predictions of the Department of Agriculture our hog farmers will not be able to count on the prices which are presently available very long. The farrowings in Iowa are going to be increased 20 percent this fall. The Iowa anticipated farrowings are somewhat higher than the national average which is 14 percent. But let us realize this, that even 14-percent increase in hog production will revive the 1955 hog price fiasco all over again.

Without adequate feed grain legislation we are inviting this cost-price disaster upon our farmers. No one would like for our farmers to be able to organize sufficiently in order to control his own price more than I. But until this is done it is the responsibility of Government to avoid price collapse disasters from falling upon our people.

Even to pass this bill which will be before us today, if we pass this rule, does not mean that we have tied our farmers to any definite plan. The farmer will be able by referendum vote to decide for himself whether he wants: First, no price supports and controls at all; second, low supports and no controls; or third, production controls, and higher price supports. The farmer will choose for himself and for 3 years will be guided by his own decision.

Mr. Speaker, for the sake of our Nation and for the safe of a strong agriculture I hope that the rule will be adopted so that we can at least debate the farm legislation which will then be before us.

Mr. O'HARA of Illinois. Mr. Speaker, it has been my practice to vote for rules bringing proposed legislation to the floor of the House whether I were strongly in support of the measures or were strongly opposed to them. It is a rule of fair play that decisions on people or on issues should not be reached until a hearing has been given to both sides.

What we have before us now is a rule to permit a full hearing both to the proponents and the opponents of an omnibus agricultural bill on which one of the respected committees of this House has worked for a long time. It is an open rule. That means, of course, that in all probability there will be many amendments with the result that when the House has worked its will the bill conceivably may be much different than in its present form.

I appreciate, of course, that this is Thursday and that many of the Members desire to get away for the week-end. I appreciate also that under the rule there would be 5 hours of general debate and that when we were under the 5-minute rule the debate on the amendments might keep us here all of Saturday and well into Saturday night. That, Mr. Speaker, is part of our job. It seems to me a lazy way of getting out of doing our job by defeating a rule that if adopted would force us, in all probability, to spend the rest of the week well into Saturday night working our will on a bill that admittedly has many good features and also has provisions that to many of us are objectionable.

I do not know of anyone who would wish to end the school milk program. I do not know of anyone who would end the program for veterans' hospitals. I do not know of anyone who would wish to end the agricultural trade development and assistance program. I would not wish to end those programs or to take a chance on their termination merely because I was unwilling to remain on the job, possibly into Saturday night. There are provisions in this bill that as they are now presented I could not support. In the end I might not vote for the bill. But certainly I could reach no decision until this body had worked its will and I knew what was in the bill after the amendments had been passed on.

Mr. Speaker, I think I have made my position clear. In voting for the rule to permit the House to work its will, I am not voting on the merits or demerits of H. R. 12954. I am not a member of that committee, and I have but recently come into possession of the report of the committee. This report is 160 pages in length. Until I have read the report and until I have listened to the debate I, who am not a member of the committee, can have no way of judging and of reaching determination as to the manner of my vote. Many statements have been made in the debate on the rule, which if true would prejudice me against the bill, at least in some of its provisions. But that is no reason why I should refuse to give both sides a full and a fair hearing. Frankly, I do not think it is good legislative procedure to kill any bill by killing the rule, when the rule is open, according to Members the full right of amending.

Mr. COOLEY. Mr. Speaker, it is astonishing to me, and it is a sad day for every farm family in America, that the Republican Members of this House seem to be organizing into a virtually solid phalanx to deny the Members of this great body an opportunity even to consider this bill which has as its purpose an improvement of our farm economy and which will mean so much to the consumers of America.

This legislation is based on the proposition that any program for agriculture must be fair to farmers and consumers alike.

It proposes substantial savings to taxpayers, by reducing the costs of farm program operations.



It assures a perpetuation of food and fiber abundance, at reasonable costs to consumers.

It seeks to strengthen the family farm and thereby arrest the migration of farm people to the cities where they are adding to the rolls of the unemployed and are competing for jobs with the established labor supply.

It will enable our Government to share our food and fiber abundance more beneficially with friendly peoples the world over, by the extension and expansion of Public Law 480.

It assures a continuation of the school-milk program, and the milk programs for veterans' hospitals and for the armed services.

It carries forward the vital program making our abundant foods available to our needy citizens in the United States.

It provides for the movement of food into markets and not into Government warehouses.

It provides greater freedom for farmers in the operation of programs, but giving them broader opportunities to vote on the kind of program they want, or whether they want a program at all.

Mr. Speaker, the question was just asked in this debate, by one of our friends representing a city constituency: What will this bill mean to consumers?

I should like to point out to the House that our total population consumed 11 percent more farm-produced foods in 1957 than in 1952, yet our farmers received \$600 million less for that larger volume of production in 1957 than for the more limited volume in 1952. In contrast, consumers paid food processors and marketing middlemen \$6.1 billion more in 1957 than in 1952, for hauling, processing and handling the food between the farm gate and the retail counter.

One of our Republican colleagues, who represents a farm area, has referred to the wheat section of this bill as a "bread tax." The gentleman should know better than that. He is aware that the price of wheat to the farmer has very little, if anything, to do with the price of bread.

In January, 1948, the farm price of wheat was \$2.81 a bushel and the average price of a 1-pound loaf of bread throughout the Nation was 13.8 cents. By April of 1958 the farm price of wheat had dropped to \$1.95 per bushel, but the average price of a loaf of bread had climbed to 19.1 cents. Thus, while the price of wheat declined 31 percent, the price of bread increased 38 percent. Today the farmer gets only about 2.5 cents for the wheat in a 19.1 cent loaf of bread.

The same is true with a great variety of other farm commodities. Farm prices constantly declined from 1953 through 1957, and consumer prices—prices at the grocery counter—constantly increased.

There has been a steady deterioration of the circumstances of agriculture, from 1953 through 1957. Farm prices in 1957 were down 16 percent, the farm parity ratio down 18 percentage points, realized net farm income down 19 percent, lowest since 1942, purchasing power of that farm income down 23 percent, lowest since 1940, farm debt at a record

high, the farm population declining by 4 million, and in 1957 the returns to all farm workers for their labor and management reached a low of 69 cents an hour while the average wage of industrial workers reached a high of \$2.07 an hour.

Mr. Speaker, during the years of the operation of the farm program the American consumers have profited and benefited more in their food needs than in any other period of history. In America, the wage earner pays a smaller part of his income for food than in any other place around the world. Notwithstanding the great increase in the costs of transportation, processing, and marketing food in recent years, the average hourly pay for factory workers today generally will buy twice as much food as in 1929, prior to the beginning of the farm program. As an illustration, the pay for an hour's work in a factory in 1929 would buy 6.4 loaves of bread; today it will buy 11 loaves.

The retail costs of a number of food items rose in the early months of 1958. This in part reflected higher prices at the farm level. The temporary farm price increase primarily was the result of first, severe winter freezes in the South which destroyed vegetable and fruit crops; second, the end of 7 years of drought in the Plains States which created a heavy demand for cattle to restock the plains; and third, to the fact that cattle, hog, and sheep producers all decided to hold back animals and rebuild their breeding herds in the same year.

The recent increases in the retail prices of meat, vegetables and fruit items have resulted in some complaints from consumers. A number of those who complain blame farmers for high food costs.

Mr. Speaker, we who present this bill here today are not responsible for the markups or profits of the middlemen who haul, process and handle food between the farm gate and the retail counter. I simply point out to those Members here representing urban districts that the somewhat better returns received by farmers for some foods in the first 3 months of this year, even if continued throughout 1958, still would give to the farmer less for the same commodities than he received in 1952. I previously have pointed out that in 1957 farmers received \$600 million less for the 11 percent more food they produced, as compared with 1952, but that those middlemen between the farmer and consumer received \$6.1 billion more in 1957 than in 1952, for handling the food. The higher prices on retail counters reflected the markups after the food left the farm.

The bill before us will assure our consumers continued abundance, at prices at the farm level which should reflect fair prices at the retail counters.

Moreover, this measure sharply reduces burdens upon taxpayers. It would save expenditures on the wheat program which have run as high as \$826 million in 1 year, and on the dairy program which now is costing about \$400 million a year and which has an accumulated loss to the Commodity Credit Corporation amounting to more than \$1.5 billion.

Mr. Speaker, it is unthinkable that any Member of this House, regardless of his party affiliation or whether he represents an urban or a rural district, would want to return home and tell his people that he joined in the movement, that is evident here, to prevent this bill from being considered by the House of Representatives.

I plead with my colleagues that you allow this bill to be presented, so that we, without partisan feelings or expressions, may consider all of its provisions, and then act in our best judgment, and according to the conscience of each of us, in a way that will improve the conditions of our farmers and will advance the best interests of all Americans.

Mr. DIXON. Mr. Speaker, this ominous farm bill is a hodgepodge of unworkable legislation sweetened up by urgently needed universally supported sections. It is intended to include something for almost everybody except the unorganized consumer and the taxpayer. It is one of the most striking examples of the prophetic qualities of Mark Twain's statement that the farmers' most serious problems were the Democrats and the Republicans. It provides a sad spectacle for the statesman who stands for principle and desires to uphold the high standard and dignity of House action.

The crops that are receiving the most subsidy and would cost a billion and a half dollars under this legislation are the very ones that are in the greatest trouble. Conversely those farm commodities receiving little or no Government help—such as cattle, hogs, and potatoes—enjoy prosperity even in these times of recession.

Frantic efforts to completely repeal the law of supply, make the farmer feel that there is pie in the sky like the old illusion of King Midas in which everything he touched turned to gold, is a deceiving mirage. In fact, complicated, costly, unworkable programs like we have in this bill for feed grains, wheat, rice, and cotton are turning to lead instead of gold in every instance. Furthermore they would place more and more farmers in bondage to the Federal Government and make them dependent upon fickle political whims such as we find in this measure.

I am telling you our substantial farmers want none of it. Likewise the consumers, and especially the unemployed do not want a bread tax of an additional 1 cent a loaf and a milk tax of 1½ cents a quart. We just cannot permit our wonderful citizens to lose control of their destiny to big government.

The excellent parts of this bill are, first, Public Law 480, which expires next Monday midnight. All farmers have already suffered seriously through the determination upon the part of the majority of the Agriculture Committee to hold up the measure in order to force us to vote for phony legislation. The result has been that the Department of Agriculture has been deterred from entering into \$500 million of contracts for food sales which it might have been able to make abroad.

The Senate passed Public Law 480 weeks ago. Let us get it out under



suspension this afternoon or tomorrow and send it to the President to be signed. I have pleaded with our committee for months to do this very thing.

The school milk program is the second section of the bill that is praiseworthy, and a million schoolchildren and children in summer camps, and inmates in hospitals will suffer. If we wait to pass this omnibus bill, we will wait a long time, and I for one will take no responsibility for this noxious delay. Again, let us get the milk program out and pass it today or tomorrow under suspension of the rule.

Other commendable features of the bill are the sections pertaining to wool and tung nuts, both of which are strategic defense commodities and are legislation favored by all of us. We could pass this legislation in a few minutes if we wished and not go wrong.

H. R. 12954, this omnibus bill, is highly controversial. The people who drew it up do not understand it themselves. The Agriculture Committee, to which I belong, does not even understand it; neither do the majority of the Members favor it as a whole. Some go along with measures they oppose in order to secure measures which they favor. It would take days of discussion on the floor of the House to work out the controversial sections. The same would be true in the Senate, and then more than likely it would receive a veto by the President.

Why should these controversial, unpalatable measures be standing in the road of meeting a deadline on measures so desperately needed, as the school milk bill, the commodities exchange program, and the Wool Act.

Mr. Speaker, I have confidence that there will be a sufficient number of Congressmen on both sides of the aisle who will stand up for principle, help the farmers, relieve the taxpayers, and wipe out this bread-and-milk tax on the consumer by voting against the rule.

Mr. HENDERSON. Mr. Speaker, the omnibus nature of the legislation we are considering today is most unsatisfactory to me. There are, without question, a number of the parts of this bill which are meritorious and, in my opinion, deserve prompt and favorable consideration by the Congress. However, the parliamentary device which is being used here requires the acceptance of many programs which are only vaguely related in order to obtain favorable consideration of proposals which, in themselves, are not controversial. As a piece of legislation, this omnibus bill is a most cumbersome potpourri. In it can be found measures which cover a broad spectrum of the activities of the Department of Agriculture.

There are many portions of the bill which I believe are not in the best interests of the agricultural economy of this Nation. Therefore, I wish to state my opposition to the bill and express the hope that the various proposals can be untangled and legislation reported which will permit responsible consideration of the various issues.

Let us take just one aspect of this bill as an instance of needed legislation—the amended language of the

Trade Development and Assistance Act. In this legislation are matters dealing with policies of the United States with respect to the bartering of surplus agricultural commodities for strategic materials. Such legislation has a broad effect upon domestic industry of the United States.

There is a critical need for legislation to make certain that ores may be processed in the United States. There was little difficulty under the barter program as it was authorized in Public Law 480 of the 83d Congress until last year, when the Department of Agriculture, through administrative action, prohibited deliveries under barter contracts where ores were to be processed or produced in the United States. The effect of this action was to reduce sharply the number of barter transactions and has been felt throughout our economy. This administrative directive eliminates for domestic mineral and ore processors the opportunity to compete for such processing business as may be available and assures foreign operators the sole and exclusive right to operate within the barter program.

It has been accepted practice that a large proportion of ores and minerals used domestically for alloying purposes are processed in the United States regardless of their country of origin. The results of this administrative directive cannot be over-emphasized in terms of the distress which it is causing in the ore-processing industry in the United States, an industry which has already felt the severe downturn in activity. In terms of employment opportunities, I believe that there is a direct relationship between the Department of Agriculture's administrative directive and the number of unemployed workers in our ore-processing plants.

In this bill is an amendment restoring domestic ore processors the right to compete in the barter program. The language of the bill is as follows:

The authorities contained in this section shall, in addition to other types of transactions, permit the domestic processing of raw materials of foreign origin or of domestic origin where the domestic processor agrees to import an equivalent amount of similar foreign material.

This is a matter of serious concern which should be dealt with by the Congress without further delay and without forcing the wedding of it and other meritorious proposals to a crazy-quilt bill of the nature we are considering today.

Mr. COLLIER. Mr. Speaker, H. R. 12954 before this House today is another conglomeration of the type of agricultural legislation which has created multiple problems in this area of our national economy.

Secretary of Agriculture, Ezra Benson hit the nail on the head when he described it as a loosely constructed piece of legislation.

One could literally tear several sections of this bill apart. At the same time we must in all fairness agree that there are certain sections of it which are sound but which can be enacted into law as individual measures. Certainly the milk section of the bill contains some

good proposals. But, let us look at the objectionable provisions of this legislation and the result we must consign ourselves to accepting if the rule is not defeated.

It would impose upon dairy farmers a referendum loosely drawn and hastily prepared production control coupled with a tax program which would inevitably divide price support authority between the Secretary and a dairy board. This would not be advantageous in any respect to either the dairy farmer or the consumer.

The bill threatens to remove from the present price support law, language consistent with the public interest.

In the area of feed grains, the bill calls for unworkable marketing quotas and is totally unfair to small producers because it denies them the right to vote and then restrict their acreage.

The program would be unduly expensive and might well run in excess of a cost of \$500 million a year.

In conclusion, I submit that this bill is by no means a sound solution to the farm problem on any permanent basis. We have lived too long with patchwork legislation in agriculture that has been detrimental to our farm economy. We have drifted from the stability of a free agricultural economy in this country. Only recently agriculture economy and prices have begun to move upward as a result of withdrawing government interference and excessive subsidy. Secretary Benson's program is designed to re-establish a free operation of our farm economy and a return to the basic law of supply and demand. This type of program is sound and, I am sure, in the best interests of both the farmer and the consumer. It should not be scuttled by the enactment of the bill before us today.

Mr. REES of Kansas. Mr. Speaker, a vote for this resolution simply means the House is willing to consider a bill reported by a majority membership of the members of the great House Committee on Agriculture. The Committee on Rules has approved the granting of a rule providing for debate of 5 hours, after which it may be considered for amendments.

Members of the committee tell us many weeks have been expended on this proposed legislation. The bill comprises more than 60 pages. The report comprises 160 pages.

It seems pretty severe to say we are not willing to even consider the bill. The bill can be debated. Then amendments can be offered. We can vote them up or down as we see fit. There are a number of provisions in the bill I do not approve. I shall expect to vote against such provisions when the bill is read for amendments. If the bill does not meet with approval, after it is amended, then we can, of course, Members will vote for or against it.

We spend a lot of time discussing other subjects of no more importance. I just do not believe we should turn this legislation down without even considering it. If there are certain provisions in the present law that are about to expire and ought to be extended, they can be cared for promptly in the event this legislation is defeated. Let us not say we are not



willing to consider a measure of such importance.

The SPEAKER. The question is on the resolution.

Mr. BROWN of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 171, nays 214, answered "present" 1, not voting 44, as follows:

[Roll No. 107]

#### YEAS—171

Abbitt	Green, Oreg.	O'Hara, Minn.
Abernethy	Griffiths	O'Konski
Albert	Gross	Passman
Alexander	Hardy	Patman
Andersen,	Harris	Perkins
H. Carl	Harrison, Va.	Pfost
Andrews	Harvey	Pilcher
Anfuso	Hays, Ark.	Poage
Ashmore	Hemphill	Polk
Aspinall	Holland	Porter
Bailey	Holmes	Preston
Baldwin	Horan	Price
Barden	Huddleston	Quile
Bass, Tenn.	Hull	Rabaut
Beckworth	Ikard	Rains
Bennett, Fla.	Jarman	Rees, Kans.
Bennett, Mich.	Jennings	Reuss
Blatnik	Jensen	Riley
Blitch	Johnson	Rivers
Boggs	Jones, Ala.	Roberts
Bolling	Jones, Mo.	Rogers, Tex.
Bonner	Karsten	Rooney
Bray	Keogh	Rutherford
Breeding	Kilday	Santangelo
Brooks, Tex.	Kilgore	Saund
Brown, Ga.	King	Scott, N. C.
Brown, Mo.	Kirwan	Scrivner
Burleson	Kitchin	Selden
Cannon	Kluczynski	Sleminski
Carnahan	Knutson	Sikes
Chelf	Landrum	Smith, Kans.
Coad	Lankford	Smith, Miss.
Coffin	Lennon	Smith, Va.
Colmer	Lesinski	Spence
Cooley	Libonati	Springer
Davis, Tenn.	Loser	Staggers
Dawson, Ill.	McCarthy	Sullivan
Deaney	McCormack	Teague, Tex.
Denton	McGovern	Thomas
Diggs	Machrowicz	Thompson, Tex.
Dingell	Mack, Ill.	Tuck
Dorn, S. C.	Madden	Ullman
Dowdy	Mahon	Vinson
Durham	Marshall	Watts
Elliott	Matthews	Weaver
Everett	Miller, Nebr.	Westland
Evins	Mills	Whitener
Fascell	Mitchell	Whitten
Fisher	Montoya	Wier
Flood	Morgan	Williams, Miss.
Flynt	Morrison	Willis
Forrester	Moss	Winstead
Fountain	Multer	Withrow
Frazier	Murray	Wright
Gathings	Natcher	Young
George	Norrell	Zablocki
Grant	O'Brien, Ill.	
Gray	O'Hara, Ill.	

#### NAYS—214

Adair	Budge	Dent
Addonizio	Bush	Derounian
Alger	Byrd	Devereux
Allen, Calif.	Byrne, Ill.	Dixon
Allen, Ill.	Byrne, Pa.	Dollinger
Arends	Byrnes, Wis.	Donohue
Auchincloss	Canfield	Dooley
Avery	Carrigg	Dorn, N. Y.
Ayres	Cederberg	Doyle
Baker	Celler	Dwyer
Baring	Chenoweth	Fallon
Barrett	Chiperfield	Farbstein
Bass, N. H.	Christopher	Feighan
Bates	Church	Fenton
Baumhart	Clark	Fino
Beamer	Clevenger	Fogarty
Becker	Collier	Forand
Belcher	Corbett	Ford
Bentley	Cramer	Frelinghuysen
Berry	Cretella	Friedel
Betts	Cunningham,	Fulton
Boland	Iowa	Garmatz
Bolton	Cunningham,	Gary
Bosch	Nebr.	Gavin
Bow	Curtin	Granahan
Boyle	Curtis, Mass.	Griffin
Broomfield	Curtis, Mo.	Gubser
Brown, Ohio	Dague	Hagen
Brownson	Dawson, Utah	Haley
Broyhill	Dennison	Halleck

Harden	McIntosh	Rogers, Mass.
Harrison, Nebr.	McVey	Sadlak
Haskell	Macdonald	St. George
Hays, Ohio	Mack, Wash.	Saylor
Healey	Magnuson	Schenck
Henderson	Malillard	Scherer
Herlong	Martin	Schwengel
Heseltun	Mason	Scott, Pa.
Hess	May	Seudder
Hiestand	Meador	Seely-Brown
Hill	Merrrow	Sheehan
Hillings	Michel	Shelley
Hoeven	Miller, Md.	Sheppard
Hoffman	Miller, N. Y.	Siler
Hollifield	Minshall	Simpson, Ill.
Holt	Moore	Simpson, Pa.
Holtzman	Morano	Sisk
Hosmer	Mumma	Smith, Calif.
Hyde	Neal	Stauffer
Jackson	Nicholson	Taber
James	Nimtz	Teague, Calif.
Johansen	Nix	Teller
Jonas	Norblad	Tewes
Judd	O'Brien, N. Y.	Thomson, Wyo.
Kean	Osmers	Tollefson
Kearns	Ostertag	Udall
Keating	Patterson	Utt
Kee	Pelly	Vanik
Kelly, N. Y.	Philbin	Van Pelt
Kilburn	Pillion	Van Zandt
Knox	Poff	Vorys
Krueger	Powell	Vursell
Lafore	Prouty	Wainwright
Laird	Ray	Walter
Lane	Reed	Wharton
Latham	Rhodes, Ariz.	Widnall
LeCompte	Rhodes, Pa.	Wigglesworth
Lipscomb	Riehlman	Wilson, Calif.
McCulloch	Robison, N. Y.	Willson, Ind.
McDonough	Robison, Ky.	Yates
McFall	Rodino	Younger
McGregor	Rogers, Fla.	Zelenko

#### PRESENT—1

Thompson, N. J.

#### NOT VOTING—44

Anderson,	Glenn	O'Neill
Mont.	Gordon	Radwan
Ashley	Green, Pa.	Reece, Tenn.
Boykin	Gregory	Robeson, Va.
Brooks, La.	Gwinn	Rogers, Colo.
Buckley	Hale	Roosevelt
Burdick	Hébert	Shuford
Chamberlain	Jenkins	Steed
Coudert	Kearney	Talle
Davis, Ga.	McIntire	Taylor
Dellay	McMillan	Thompson, La.
Dies	Metcalf	Thornberry
Eberharter	Miller, Calif.	Trimble
Edmondson	Morris	Williams, N. Y.
Engle	Moulder	Wolverton

So the resolution was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for with Mr. Taylor against.  
Mr. Buckley for with Mr. Talle against.  
Mr. Edmondson for with Mr. Gwinn against.

Mr. Morris for with Mr. Jenkins against.  
Mr. Moulder for with Mr. Coudert against.  
Mr. Robeson of Virginia for with Mr. Mr. McIntire against.

Mr. Burdick for with Mr. Glenn against.  
Mr. Boykin for with Mr. Reece of Tennessee against.

Mr. McMillan for with Mr. Miller of California against.

Mr. Dies for with Mr. Engle against.

Mr. Ashley for with Mr. Roosevelt against.  
Mr. Gordon for with Mr. Green of Pennsylvania against.

Mr. Thornberry for with Mr. Thompson of New Jersey against.

Mr. Thompson of Louisiana for with Mr. O'Neil against.

Mr. Trimble for with Mr. Wolverton against.

Mr. Brooks of Louisiana for with Mr. Dellay against.

Mr. Rogers of Colorado for with Mr. Radwan against.

Mr. Steed for with Mr. Kearney against.

Until further notice:

Mr. Davis of Georgia with Mr. Hale.

Mr. Anderson of Montana with Mr. Williams of New York.

Mr. Metcalf with Mr. Chamberlain.

Mr. THOMPSON of New Jersey. Mr. Speaker, I have a live pair with the gentleman from Texas (Mr. THORNBERRY). If he were present, he would vote "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. HERLONG changed his vote from "yea" to "nay."

Mr. DORN of New York changed his vote from "yea" to "nay."

Mr. ZABLOCKI changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

#### GENERAL LEAVE TO EXTEND REMARKS

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may revise and extend their remarks in the Record prior to the rollcall.

The SPEAKER. Is there objection? There was no objection.

#### EXTENDING EXISTING CORPORATE NORMAL-TAX RATE AND CERTAIN EXCISE-TAX RATES

Mr. MILLS submitted the following conference report and statement on the bill (H. R. 12695) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excess-tax rates:

#### CONFERENCE REPORT (H. REPT. NO. 2025)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12695) to provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 4. Repeal of taxes on transportation of property.

(a) Repeal: Effective as provided in subsection (c), part II (relating to tax on transportation of property) and part III (relating to tax on transportation of oil by pipeline) of subchapter C of chapter 33 of the Internal Revenue Code of 1954 are hereby repealed.

"(b) Technical amendments: Effective as provided in subsection (c):

"(1) The table of subchapters for chapter 33 of the Internal Revenue Code of 1954 is amended by striking out

"Subchapter C. Transportation."

and inserting in lieu thereof

"Subchapter C. Transportation of persons."

"(2) Subchapter C of chapter 33 of such Code is amended by striking out the table of parts for such subchapter and the heading of part I of such subchapter, and by striking out the heading of the subchapter and inserting in lieu thereof the following:

"Subchapter C—Transportation of Persons."

"(3) Section 4292 of such Code (relating to State and local governmental exemption) is amended to read as follows:



"Sec. 4292. State and local governmental exemption.

"Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under section 4251 or 4261 upon any payment received for services or facilities furnished to the Government of any State, Territory of the United States, or any political subdivision of the foregoing or the District of Columbia."

"(4) Section 6415 of such Code (relating to credits or refunds to persons who collected certain taxes) is amended by striking out '4271,' each place it appears therein.

"(5) Section 6416 (a) of such Code (relating to credits or refunds of certain taxes on sales and services) is amended by striking out 'or 4281'.

"(6) Section 6416 (f) of such Code (relating to credit on returns) is amended by striking out 'or section 4281', and by striking out 'by such chapter or section' and inserting in lieu thereof 'by such chapter'.

"(7) Section 7012 of such Code (cross references) is amended by striking out subsection (i) and by redesignating subsection (j) as subsection (i).

"(8) Section 7272 (b) of such Code (relating to penalty for failure to register) is amended by striking out '4273,'.

"(c) Effective Dates.—

"(1) Except as provided in paragraph (2), the repeals and amendments made by subsections (a) and (b) shall apply only with respect to amounts paid on or after August 1, 1958.

"(2) In the case of transportation with respect to which the second sentence of section 4281 of the Internal Revenue Code of 1954 applies, the repeals and amendments made by subsections (a) and (b) shall apply only if the transportation begins on or after August 1, 1958."

And the Senate agree to the same.

That the title of the bill be amended to read as follows: "An Act to provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and to provide for the repeal of the taxes on the transportation of property."

W. D. MILLS,  
AIME J. FORAND,  
CECIL R. KING,  
DANIEL A. REED,  
RICHARD M. SIMPSON,

*Managers on the Part of the House.*

HARRY F. BYRD,  
ROBERT KERR,  
G. A. SMATHERS,  
EDWARD MARTIN,  
JOHN J. WILLIAMS,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12695) to provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment to the text of the bill added a new section providing for the repeal of the taxes on the transportation of property (including coal and oil by pipeline) and on the transportation of persons. Under the amendment, the repeal would be effective with respect to amounts paid on or after the first day of the first month which begins more than 10 days after the date of the enactment of the bill for, or in connection with, transportation which begins on or after such first day.

Under the conference agreement, the taxes on the transportation of property (including coal and oil by pipeline) are re-

pealed, in general, effective with respect to amounts paid on or after August 1, 1958. Under the conference agreement, the existing tax on the transportation of persons is retained without change.

The Senate amendment to the title of the bill conformed the title to the Senate amendment to the text of the bill. Under the conference agreement the title of the bill is amended to read as follows: "An act to provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and to provide for the repeal of the taxes on the transportation of property."

W. D. MILLS,  
AIME J. FORAND,  
CECIL R. KING,  
DANIEL A. REED,  
RICHARD M. SIMPSON,

*Managers on the Part of the House.*

#### SUSPENSION OF THE RULES

The SPEAKER. The Chair decides to state that he has on his desk about 16 bills for suspension of the rules. Those Members who are interested in those matters should be here to present the motion. If they are passed over, I do not know when they will be reached again.

The gentleman from Arkansas [Mr. HARRIS] is recognized.

#### HILL-BURTON ACT EXTENSION

Mr. HARRIS. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 12628) extending for an additional 3-year period the Hospital Survey and Construction Act.

The Clerk read the bill as follows:

*Be it enacted, etc., That (a) the first sentence of section 621 of the Public Health Service Act is amended by striking out "nine" and inserting in lieu thereof "twelve." (b) Section 651 of such act is amended by striking out "four" and inserting in lieu thereof "seven."*

The SPEAKER. Is a second demanded?

Mr. O'HARA of Minnesota. Mr. Speaker, I demand a second.

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HARRIS. Mr. Speaker, H. R. 12628 is a bill whose sole purpose it is to extend the Hospital Survey and Construction Act, commonly referred to as the Hill-Burton hospital construction program. This program, as everyone knows, has been in effect now for 12 years. The next fiscal year will be the last fiscal year that this program is authorized, and in order that it may be continued it is necessary to extend it. Consequently, this bill does only this one thing. It extends this program, which has proven to be so valuable in the public interest over the years, for an additional 3 years.

Mr. O'HARA of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. O'HARA of Minnesota. Would the gentleman advise the House if it is not true that this bill was reported

unanimously by a subcommittee to the entire Committee on Interstate and Foreign Commerce, and by that committee unanimously reported to the floor?

Mr. HARRIS. The gentleman is correct. The subcommittee, headed by the distinguished gentleman from Mississippi [Mr. WILLIAMS] held hearings on the legislation along with other matters affecting the program and reported the bill from the subcommittee unanimously. It was presented to the full committee which considered it and reported it to the House unanimously.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I shall be pleased to yield to the gentleman from Minnesota.

Mr. JUDD. This bill merely continues for 3 more years the same authorization as in existing law for \$150 million each year. Is that correct?

Mr. HARRIS. That is correct insofar as the authorization for general hospitals and facilities under the original act is concerned.

Mr. JUDD. And the way in which that authorized funds are to be divided up among the various types of medical facilities continues for the next 3 years as it has in the past.

Mr. HARRIS. Yes; that is true.

Mr. WILLIAMS of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the chairman of the subcommittee.

Mr. WILLIAMS of Mississippi. I would like to make one correction, if the gentleman will permit: It is the same authorization, but instead of \$150 million, the total authorization for all categories is \$211.2 million. This includes the four new categories that had been adopted in 1954.

Mr. JUDD. That is it extends for 3 more years the authorizations now in the law as amended.

Mr. WILLIAMS of Mississippi. Oh, yes; that is correct.

Mr. HARRIS. I might say to the gentleman that there is an annual appropriation of \$150 million for the Hill-Burton general hospital construction program. Some years ago the law was amended to authorize an additional \$60 million for certain other categories of facilities, and this extends that amendment to the original bill also.

Mr. JUDD. That is the amendment which includes authorization to provide additional funds on a matching basis for the construction of homes for the elderly, nursing homes and homes for the chronically ill, and so on.

Mr. HARRIS. Yes.

Mr. JUDD. And one of the very best parts of the law.

Mr. HARRIS. Yes. Unfortunately we do not have a program sufficiently extensive to meet the need throughout the country.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Iowa.

Mr. JENSEN. How many dollars are authorized in this bill for that whole program?

Mr. WILLIAMS of Mississippi. \$211,200,000, I believe.



85TH CONGRESS  
2D SESSION

# H. RES. 609

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IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1958

Mr. DELANEY, from the Committee on Rules, reported the following resolution;  
which was referred to the House Calendar and ordered to be printed

JUNE 26, 1958

Failed of passage

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## RESOLUTION

1      *Resolved*, That upon the adoption of this resolution it  
2 shall be in order to move that the House resolve itself into  
3 the Committee of the Whole House on the State of the  
4 Union for the consideration of the bill (H. R. 12954) to  
5 extend and amend the Agricultural Trade Development and  
6 Assistance Act of 1954; to amend the Agricultural Adjust-  
7 ment Act of 1938, the Agricultural Act of 1949, and the  
8 National Wool Act of 1954 with respect to acreage allot-  
9 ment and price support programs for rice, cotton, wool,  
10 wheat, milk, and feed grains; and for other purposes, and  
11 all points of order against said bill are hereby waived.  
12 After general debate, which shall be confined to the bill

1 and continue not to exceed five hours, to be equally divided  
2 and controlled by the chairman and ranking minority mem-  
3 ber of the Committee on Agriculture, the bill shall be read  
4 for amendment under the five-minute rule. It shall be in  
5 order to consider without the intervention of any point of  
6 order any amendment offered by direction of the Committee  
7 on Agriculture. At the conclusion of the consideration of  
8 the bill for amendment, the Committee shall rise and report  
9 the bill to the House with such amendments as may have  
10 been adopted and the previous question shall be considered  
11 as ordered on the bill and amendments thereto to final pas-  
12 sage without intervening motion except one motion to  
13 recommit.





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## RESOLUTION

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Providing for the consideration of H. R. 12954, a bill to extend and amend the Agricultural Trade Development and Assistance Act of 1954; to amend the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the National Wool Act of 1954 with respect to acreage allotment and price support programs for rice, cotton, wool, wheat, milk, and feed grains, and for other purposes.

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By Mr. DELANEY

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JUNE 25, 1958

Referred to the House Calendar and ordered to be printed

JUNE 26, 1958

Failed of passage









July 21, 1958

14. LEGISLATIVE PROGRAM. Sen. Johnson announced that he expected to bring up the Senate farm bill later in the week, "after the policy committee has cleared it." He further stated that the Defense and foreign aid appropriations bills would be considered next week, and that after certain D. C. bills the Senate would consider S. Res. 264, favoring the establishment of an International Development Ass'n, and H. R. 7576, amending the Federal Civil Defense Act. p. 13112

HOUSE

15. SURPLUS COMMODITIES; FOREIGN TRADE. Debated and noted, 152 to 24, to pass S. 3420, to amend and extend Public Law 480. Rep. Griffiths objected to the vote on the ground that a quorum was not present. At the request of Rep. McCormack, further consideration of the bill was then postponed until Wed., July 23. pp. 13173-197
16. COTTON ALLOTMENTS. Passed without amendment H. R. 12531, to permit the allocation from acreage of extra long staple cotton for the production of extra long staple cotton seed. pp. 13172-73
17. SEED MARKETING. Passed without amendment S. 1939, to make various amendments to the Federal Seed Act regarding labeling requirements. This bill will now be sent to the President. pp. 13167-68
18. FOOT-AND-MOUTH DISEASE. Passed without amendment S. 3076, to authorize the transportation in the U. S. of live foot-and-mouth disease virus for research purposes. This bill will now be sent to the President. p. 13162
19. HOG CHOLERA. Passed without amendment S. 3478, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus. This bill will now be sent to the President. p. 13163
20. FORESTRY. The Interior and Insular Affairs Committee ordered reported with amendment S. 3051, to provide alternatives of either private or Federal acquisition of the Klamath Indian lands which are to be sold under the Termination Act. p. D710  
Passed without amendment H. R. 6542, to authorize the conveyance of certain forest lands to the town of Dayton, Wyo. p. 13162  
The Speaker appointed as House members of the National Outdoor Recreation Resources Review Commission, pursuant to Public Law 85-470, Reps. Pfof, Ullman, Saylor, and Rhodes. p. 13247
21. TOBACCO. Passed without amendment H. R. 12840, to provide a single acreage allotment for Va. sun-cured and Va. fire-cured tobaccos if farmers vote approval in a referendum. pp. 13162-63
22. APPROPRIATIONS. Received the conference report on H. R. 11574, the independent offices appropriation bill for 1959 (H. Rept. 2237). As reported the bill deletes \$100,000 proposed by the Senate for farm-housing research. pp. 13155-58  
Received the conference report on H. R. 13121, to authorize appropriations for the Atomic Energy Commission (H. Rept. 2236). pp. 13243-45
23. AGRICULTURE HALL OF FAME. Passed as reported H. Con. Res. 295, endorsing plans of a non-government group to establish a Hall of Fame for Agriculture. p. 13165



24. FISH AND WILDLIFE. Passed as reported S. 2447, to authorize studies by Interior of the effects of insecticides, herbicides, fungicides and other pesticides upon fish and wildlife. p. 13169  
Passed as reported S. 2617, to authorize the purchase by the Secretary of the Interior of wetlands and small areas for migratory stamps. pp. 13169-70  
Passed as reported H. R. 13138, to amend the Coordination Act so as to provide more effective integration of fish and wildlife conservation programs with Federal water development programs. pp. 13170-72
25. LANDS. Passed as reported H. R. 11800, to authorize the Secretary to sell a tract of land and buildings thereon under the jurisdiction of ARS to Clifton, N. J. p. 13172
26. SMALL BUSINESS. Passed under suspension of the rules H. R. 13282, the proposed Small Business Tax Revision Act of 1959. pp. 13197-211
27. INFORMATION; LIBRARIES. Passed under suspension of the rules H. R. 13140, to provide for distribution of additional types of Government publications to depository libraries and to provide for designation of additional depository libraries. pp. 13226-28
28. PERSONNEL AWARDS. Debated under suspension of the rules H. R. 488, to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement. At the request of Rep. McCormack further consideration of the bill was postponed until Wed., July 23. pp. 13229-35
29. TRANSPORTATION. A subcommittee of the Merchant Marine and Fisheries Committee ordered reported with amendment H. R. 8382, to provide for the licensing of independent foreign freight forwarders. p. D711
30. MINING CLAIMS. The Interior and Insular Affairs Committee ordered reported with amendment S. 3199, to specify the period for doing annual assessment work on unpatented mineral claims. p. D710
31. COMMITTEE ASSIGNMENTS. Rep. Kilgore resigned from the Public Works Committee and was elected to the Interstate and Foreign Commerce Committee; and Rep. Young, Tex., resigned from the Post Office and Civil Service Committee and was elected to the Public Works Committee. pp. 13242-43
32. WATERSHEDS. Received from the Budget Bureau plans for works of improvement for the lower Willow Creek watershed, Mont., Whitegrass-Waterhole Creek watershed, Okla., and Little Schuylkill River watershed, Pa.; to Public Works Committee. p. 13255

#### ITEMS IN APPENDIX

33. ELECTRIFICATION. Extension of remarks of Sen. Neuberger inserting an editorial endorsing the proposed establishment of a Regional Power Corporation in the Columbia River Basin. pp. A6493-4
34. FARM PROGRAM. Extension of remarks of Rep. McGregor stating that "...the time has arrived that we recognize the serious predicament in which the farmer finds himself. It is time that we give some consideration to the rotation crop farmer." pp. A6496-8
35. LIVESTOCK. Sen. Jackson inserted two editorials criticizing the delay and failure by the Senate in not passing the humane slaughter bill which has been passed by the House. p. A6499



allotment to farms for the production of high quality extra long staple cotton seed pursuant to an agreement establishing standards for such production approved by the State committee. Any acreage of cotton planted as a result of any such agreement shall not be considered as acreage planted to cotton on the farm or in the county in which such farm is located for the purpose of future allotment determinations for such farm or such county."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### PROVIDING MORE FLEXIBILITY IN MAKING ADDITIONAL APPOINTMENTS AT THE UNITED STATES MILITARY ACADEMY AND THE UNITED STATES AIR FORCE ACADEMY

The Clerk called the bill (H. R. 13226) to amend title 10, United States Code, to provide more flexibility in making additional appointments to bring the number of cadets at the United States Military Academy and the United States Air Force Academy up to full strength.

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. BROOKS of Louisiana. Mr. Speaker, reserving the right to object, I would like to ask that at this point in the RECORD, I may be permitted to file an academic list of selections showing how the act is working, as given to me by the United States Military Academy for the year 1958. I think it is perhaps wise for the Members to study this list.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The matter referred to follows:

#### Academic board selections—U. S. Military Academy, 1958

Name	Designation—Alternate	Nominated
Abbott, Thomas C.	1st.	Texas, 6th.
Adams, Keith E.	1st.	New York, 40th.
Beccacio, Livio A.	2d.	New York, 28th.
Bennett, Dennis R.	3d.	Ohio, 16th.
Bergman, Todd L.	1st.	New York, 2d.
Biddison, Alan M.	3d.	Maryland, 7th.
Blynn, David M.	2d.	Pennsylvania, 18th.
Brown, Charles E.	2d.	Texas, 6th.
Butzer, Charles B.	3d.	New York, 4th.
Casp, Michael A.	3d.	Pennsylvania, 25th.
Chisholm, Ronald J.	3d.	Louisiana, 7th.
Cross, William M.	2d.	Illinois, 1st.
Culver, Thomas R.	1st.	Indiana, at large.
Dargle, John W.	3d.	New York, 34th.
Darrell, Charles C.	1st.	Maryland, 2d.
DeJardin, Alan R.	2d.	New York, 6th.
DeRose, Richard G.	2d.	Louisiana, 1st.
DeVries, Robert K.	2d.	Louisiana, 6th.
DeVries, Russel	1st.	Louisiana, 6th.
Dobbins, Paul J.	3d.	Massachusetts, 8th.
Druse, Stanley A.	1st.	Nebraska, 1st.
Eccleston, Thomas F.	2d.	Massachusetts, 6th.
Finn, Bertram P.	3d.	Louisiana, 3d.
Foote, Warren S.	1st.	Nebraska, 1st.
Fox, Ralph	3d.	Ohio, 6th.
Fuehlhart, Robert H., Jr.	3d.	Pennsylvania, 23d.
Gleichman, Edward A.	3d.	Pennsylvania, 22d.
Gorman, James	2d.	Massachusetts at large.
Hameister, Herbert H.	3d.	Ohio, 11th.
Handy, George W.	2d.	Massachusetts at large.

#### Academic board selections—U. S. Military Academy, 1958—Continued

Name	Designation—Alternate	Nominated
Hartnett, Terrence M.	2d.	New York, 41st.
Hufschmidt, Robert G.	2d.	New York, 3d.
Kauer, Donald Fred.	3d.	Pennsylvania, 24th.
King, Peter G.	1st.	New York, 9th.
Kirschenbauer, George.	3d.	New Jersey, 7th.
Kuhns, Dale H.	1st.	Pennsylvania at large.
Learish, Dean L.	3d.	Pennsylvania, 18th.
LoPresto, Raymond J.	1st.	Louisiana, 1st.
Lynch, Albert F., Jr.	1st.	Louisiana, 7th.
McElhose, Alan	3d.	Iowa, at large.
McRae, Wilton D.	2d.	Louisiana, 1st.
Mailey, George T.	2d.	Pennsylvania, 26th.
Martin, Bernard M.	3d.	Pennsylvania, 30th.
Martinak, Joseph F.	1st.	Illinois, 1st.
Meelan, John F.	1st.	Maryland, at large.
Mengel, Larry L.	3d.	Pennsylvania, 15th.
Middaugh, Thomas R.	2d.	Maryland, 2d.
Morin, Carl R., Jr.	3d.	Florida, 5th.
Murphy, Vincent E.	3d.	Massachusetts, 6th.
Museler, William J.	1st.	New York, 6th.
Needs, Lawrence R.	2d.	Pennsylvania, 25th.
Ord, Robert L., III	2d.	New York, 9th.
Pappas, George	3d.	Louisiana, 7th.
Rarsons, Bruce B.	1st.	New York, 28th.
Peterson, James C.	3d.	Florida, 6th.
Rehshaw, Clarence, II.	3d.	Pennsylvania, at large.
Richison, Walter R.	1st.	Kansas, 6th.
Rushak, Alfred S.	3d.	Pennsylvania, 8th.
Ryer, Richard T.	2d.	New York, 21st.
Schein, George, II.	2d.	Pennsylvania, 27th.
Seay, Jerry	1st.	Texas, at large.
Sloan, John	3d.	West Virginia, 6th.
Stanat, Christopher W. J.	3d.	Illinois, 1st.
Storat, Richard E.	1st.	Pennsylvania, 8th.
Symes, Albert R.	2d.	Massachusetts, 8th.
Thomas, Robert B.	1st.	Louisiana, 3d.
Thompson, Stanley R.	1st.	Massachusetts, 1st.
Welper, Francis E., Jr.	2d.	Michigan, 2d.
Whitehead, William C., Jr.	3d.	Pennsylvania, 15th.
Zmuida, Paul T.	3d.	North Carolina, 3d.

Mr. FORD. Mr. Speaker, reserving the right to object, I think this legislation is good and sound, but I do believe we could improve the laws as they relate to the service academies if we extended the mandatory period of time that the cadets must serve after their graduation in order that the Federal Government might get a better return on its investment from those who get a free education at the Air Force Academy, the Naval Academy at Annapolis, and other points. I understood that the Committee on Armed Services was going to bring out legislation extending that from 4 to 6 years. Can the gentleman tell me what the status of that legislation is?

Mr. BROOKS of Louisiana. The Pentagon is working on a general overall bill that would cover the whole field. I do not know just what the terms of that bill will be. We have been making inquiries about it, and I believe there will be something coming out within the not too distant future.

Mr. KILDAY. Mr. Speaker, will the gentleman yield?

Mr. McMILLAN. I yield to the gentleman from Texas.

Mr. KILDAY. I might say to the gentleman from Michigan it is my understanding that as to the class entering West Point this year there has been an additional year of obligated service imposed. Heretofore it has been 3 years, and the class entering this year, upon graduation, will be required to serve 4 years. So, we are moving in the direction the gentleman has referred to.

Mr. BROOKS of Louisiana. In addition to what the gentleman said, the

Pentagon is working on a bill which will make the whole field more or less uniform. I think perhaps that will cover what the gentleman has in mind.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The SPEAKER. That completes the call of the eligible bills on the Consent Calendar.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 9369. An act to authorize refunds by the Veterans' Administration of amounts collected from former servicemen by the Government pursuant to guaranty of life insurance premiums under the original Soldiers' and Sailors' Civil Relief Act of 1940.

H. R. 11518. An act to authorize the construction of modern naval vessels; and

H. R. 12694. An act to authorize loans for the construction of hospitals and other facilities under title VI of the Public Health Service Act, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 376) entitled "An act to amend the Commodity Exchange Act to prohibit trading in onion futures in commodity exchanges," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ELLENDER, Mr. JOHNSTON of South Carolina, Mr. EASTLAND, Mr. AIKEN, and Mr. YOUNG to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2069) entitled "An act to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of coal on the public domain," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. O'MAHONEY, Mr. CARROLL, and Mr. BARRETT to be the conferees on the part of the Senate.

#### AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. COOLEY. Mr. Speaker, I move to suspend the rules and pass the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, as amended.

The Clerk read as follows:

Be it enacted, etc., That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended as follows:

(a) Sections 109 and 204 of such act are amended by striking out "1958" and substituting in lieu thereof "1959."

(b) Section 103 (b) of such act is amended by striking out "\$4,000,000,000" and inserting in lieu thereof "\$5,500,000,000."

Sec. 2. Section 303 of the Agricultural Trade Development and Assistance Act of 1954 is amended to read as follows:

"Sec. 303. The Secretary is directed, to the maximum extent practicable within the limit



permitted by this section, to barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) strategic materials or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges: *Provided*, That the total volume of the transactions directed by this section shall not exceed \$500,000,000 annually, unless specifically authorized by the Congress. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except where the Secretary has made a specific finding as to a particular transaction that such transaction will replace a cash sale for dollars. The authorities contained in this section shall, in addition to other types of transactions, permit the domestic processing of raw materials of foreign origin or of domestic origin where the domestic processor agrees to import an equivalent amount of similar foreign material. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials."

Sec. 3. Section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by substituting a semicolon for the period at the end of paragraph (j) and adding the following new paragraph:

"(k) For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration, and furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;"

Sec. 4. Section 104 of such act is amended by adding thereto the following new paragraph:

"(l) For financing, in such amounts as may be specified from time to time in appropriation acts, trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U. S. C. 1992)."

Sec. 5. Section 104 of such act is amended by adding the following new paragraph:

"(m) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and

whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate."

Sec. 6. Such act is amended by adding thereto the following new section:

"Sec. 306. Any provision of this act or of section 32 of the act of August 24, 1935, as amended (7 U. S. C. 612c), may be extended by the President to any area under the jurisdiction or administration of the United States."

Sec. 7. Section 104 of such act is amended by inserting in the first proviso after the lettered paragraphs thereof, after "(d) and (e)", in lieu of the word "and", the following: "except when used in such amounts as may be specified from time to time in appropriation acts for cooperative non-self-liquidating projects for the development of human resources and skills."

Sec. 8. (a) Section 104 of such act is amended by inserting before the period at the end of the first sentence of paragraph (h) thereof the following: "and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446)."

(b) Such section is further amended by adding the following new paragraph:

"(n) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies."

Sec. 9. Section 101 of such act is amended by striking out the semicolon at the end of paragraph (a) thereof and adding "or normal patterns of commercial trade with friendly countries."

The SPEAKER. Is a second demanded?

Mr. JUDD. Mr. Speaker, I demand a second.

Mr. HILL. Mr. Speaker, I demand a second.

Mr. JUDD. Mr. Speaker, I am opposed to the bill. I demand a second.

The SPEAKER. Is the gentleman from Colorado opposed to the bill?

Mr. HILL. I am opposed to sections of it, but not the entire bill, and neither is the gentleman from Minnesota, if I read his mind correctly.

The SPEAKER. The gentleman from Colorado hardly qualifies. The gentleman from Minnesota demands a second.

Without objection, a second will be considered as ordered.

There was no objection.

#### CALL OF THE HOUSE

Mr. CURTIS of Missouri. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 137]

Addonizio	Fulton	Multer
Ashley	Garmatz	Nix
Barrett	Gary	Osmer
Bass, N. H.	Gordon	Philbin
Bass, Tenn.	Granahan	Pillion
Blitch	Green, Oreg.	Poage
Bosch	Green, Pa.	Powell
Bray	Gregory	Preston
Brooks, Tex.	Gwinn	Prouty
Bueckley	Healey	Radwan
Burdick	Hoffman	Rivers
Byrne, Ill.	Holt	Robeson, Va.
Byrne, Pa.	Holtzman	Robison, N. Y.
Carnahan	Horan	Robison, Ky.
Chamberlain	James	Rodino
Christopher	Jarman	Rooney
Clark	Jenkins	Sadiak
Collier	Jensen	Santangelo
Corbett	Johansen	St. George
Coudert	Kean	Scherer
Cretella	Kearney	Scott, N. C.
Delaney	Kelly, N. Y.	Shuford
Dellay	Keogh	Sieminski
Dies	Lankford	Smith, Kans.
Diggs	Latham	Stauffer
Dollinger	LeCompte	Taylor
Dowdy	Lesinski	Teague, Tex.
Eberhart	McCarthy	Teller
Edmondson	McGovern	Tollefson
Engle	Machrowicz	Trimble
Fallon	Michel	Vinson
Farbstein	Minshall	Wharton
Fenton	Mitchell	Wigglesworth
Fogarty	Morris	Williams, N. Y.
Friedel	Moulder	Willis

The SPEAKER pro tempore. Three hundred and seven Members have answered. A quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

#### AGRICULTURAL DEVELOPMENT AND ASSISTANCE ACT OF 1954

The SPEAKER pro tempore. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, time is very important and very precious at the moment. I am sure that all of you will understand it is not possible for me to discuss adequately all the programs involved in the pending measure.

The bill involves \$1,500,000,000 additional authority for the Secretary of Agriculture in administering the programs under the legislation, which has become generally known as Public Law 480.

The original legislation was passed I think in July, 1954, and the program has been in operation continuously since that time.

Under the general provisions of Public Law 480 the Secretary of Agriculture has disposed of approximately \$4 billion worth of agricultural surplus commodities. In addition to that amount, he has bartered away approximately \$1 billion in exchange for strategic materials, which have increased substantially in value since the time of acquisition. I think, to the extent of perhaps \$45 million.

Up until recently this program has been free from criticism, free from any



charge of corruption or fraud. In May of this year the State Department appeared before our committee and the testimony of Mr. Thomas Mann, followed by a letter, categorically endorsed and supported the continuation of this program.

He did not offer a single criticism.

The Secretary of Agriculture has administered this program free from criticism except from the mouth of one of the officials of his own department. Under the barter provisions, although the transactions amounted to almost a billion dollars, nobody ever suggested that there was anything at all improper about the manner in which the law had been administered or the effect it had had at home or abroad.

Up until the time this bill was reported, no criticism came to us. In discussing the barter provisions, the barter programs, we had businessmen from all parts of America representing dozens of corporations and organizations. During the hearings I repeatedly asked the question: Is there anyone here who is here for the purpose of criticizing the operation of this program? Or for the purpose of asserting that any of the transactions under Public Law 480 have in any way interfered with our normal trade and commerce? Not a single human being appeared in opposition, so we reported the bill with the barter provision in it.

After the bill had been reported the Secretary of Agriculture wrote the majority leader of the House of Representatives, and I think a similar letter to the Speaker, suggesting that the barter provisions were mandatory and objectionable, and he thought that the legislation was bad with these provisions in the bill.

Now, be mindful of the fact that barter is in the law, regardless of the provision in this measure. In the law it is the duty and the responsibility of the Secretary to use the barter authority and exchange our commodities for strategic materials. But one man in his Department objected, and on May 27, 1957, abruptly ended barter. Then we summoned him before our committee, in June or July, and we pressed him for information to substantiate the charge that these transactions were interfering with our trade and commerce, and not one scintilla of evidence could he submit.

After the bill had been reported the State Department sent up another letter to me, signed by Thomas C. Mann, an Assistant Secretary, in which he contended that the programs under 480 had interfered with the commerce of some of our friendly nations, but he offered no positive evidence of probative force.

The SPEAKER pro tempore. The gentleman from North Carolina has consumed 5 minutes.

Mr. COOLEY. Mr. Speaker, I yield myself 2 additional minutes.

The SPEAKER pro tempore. The gentleman is recognized for 2 additional minutes.

Mr. COOLEY. He referred to a speech made by the Minister of Agriculture to the Parliament of Canada in which he attributed the loss of foreign

trade to some of the United States programs; but the record belies the assertion. Canadian exports of wheat have increased; Mexican exports of cotton have increased; dollar sales have increased as barter transactions have increased. Dollar sales have decreased as barter transactions have decreased.

Under the barter provisions we have received dollar for dollar in value for these surplus commodities, and we have in storage these vital commodities which may very well be useful to our own domestic economy.

On the question of mandatory barter I want to make that perfectly clear, as far as I can, that this is not a mandatory direction to the Secretary to barter in helter-skelter fashion for things we do not need. We direct him to resume to exercise the authority that is now in the law and to use every practical means of exchanging surplus commodities for strategic materials.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Illinois.

Mr. ARENDS. The gentleman said it is not mandatory, yet he states we direct them to do this very thing. Does the Department agree with your interpretation that it is not mandatory?

Mr. COOLEY. The Department by the original act is authorized and directed to carry on barter transactions. We do not tell him he has to trade cotton for industrial diamonds, we do not tell him he has to make any particular barter transaction. We say, "Here, Mr. Secretary, in good faith we want you to carry on barter" and we leave it in his own sound discretion within the framework of this policy as to the contracts that he will make and as to the nature of the materials for which he will trade and barter.

Mr. REUSS. I am concerned that the use of Public Law 480 be consistent with a constructive foreign policy. In the past there has been some criticism of the administration of Public Law 480 because of its alleged effect on the trade pattern of certain foreign countries. Public Law 480 requires reasonable precautions so as not to interfere with the normal pattern of recipient countries.

Mr. COOLEY. Let me interrupt the gentleman by saying that we have taken care of the situation the gentleman has in mind. I appreciate his coming before our committee and calling the matter to our attention. In all frankness to the House, I should say that the proposition you have before you now is exactly the provision that was written in our committee and reported by a voice vote, so far as I recollect without objection, except in regard to the matter the gentleman has just mentioned. In this connection we insert a provision to the effect that the Secretary shall take into consideration the ordinary trade and commerce patterns of our friendly governments with the idea that he will not unduly interfere with the normal trade of our friendly relations.

Mr. REUSS. I think that is a most salutary amendment. I should like to ask the chairman of the Committee on

Agriculture whether my understanding is correct that the protection we have been discussing applies equally to the barter provision? —

Mr. COOLEY. The gentleman is exactly correct.

Let me conclude by saying every argument that can be directed against barter may be directed at the entire operations under Public Law 480. If we are going to let other countries tell us that we cannot trade in world markets, so long as they want to trade in world markets, we will never get rid of the abundant surpluses we have. I am surprised that anybody in this Congress is opposed to the law. I am particularly surprised that they would be opposed to the barter provision through which we have received dollar for dollar strategic and other materials that are badly needed in America. When the Secretary says we are directing him to barter for something we do not need and we do not want, he is deliberately putting a misinterpretation upon the intention of our committee.

#### EXPLANATION OF COOLEY AMENDMENT

Mr. Speaker, the amendment I have offered is the exact language of title I of the omnibus farm bill—H. R. 12954—plus two amendments which I will describe. Title I of that bill deals exclusively with the extension and amendment of Public Law 480. One of the amendments appears in five different sections of the bill. This is the amendment which had been agreed upon by the Committee on Agriculture after discussions with the Committee on Appropriations and would have been offered as committee amendments to the farm bill had it been permitted to come to a vote in the House. The other amendment is a modification of language suggested by the gentleman from Wisconsin [Mr. REUSS] designed to assure friendly countries that our sales of surplus for foreign currencies will be carried out with every practicable consideration of the exports of other countries.

#### COMPARISON WITH SENATE BILL

There are three major differences between the amendment I have offered—which I will hereafter refer to as the House bill—and the Senate bill—S. 3420. The first difference is in the length of time the act is extended. Titles I and II of Public Law 480 expired on June 30, 1958. The Senate bill would extend both of these titles for 2 years, while the House bill extends them for only 1 year. The amount of the authorization involved is at the same annual rate—\$1.5 billion—in both bills.

The second major difference is that the Senate bill contains no provision with respect to barter. The Senate Committee on Agriculture and Forestry reported to the Senate a provision relating to barter which would have been considerably more mandatory than the provision contained in the House bill. On the floor of the Senate this provision was defeated by a narrow margin. The House bill contains a provision with respect to barter which tells the Secretary of Agriculture, in effect, that the Congress has determined as a matter of congressional policy that barter is a beneficial program



and that the Congress wants and intends that the Secretary shall carry on a barter program. It does not tell him how much he must barter nor what contracts he is to sign. It assumes that he will use ordinary good business prudence in making barter contracts. But it also assumes, Mr. Speaker, that he will in good faith carry on a barter program such as is intended by Congress.

The third major difference is that the House bill contains a number of additional uses to which the foreign currencies accruing from the sale of agricultural surpluses under Public Law 480 may be put. We are discovering, Mr. Speaker, as these foreign currencies accrue to the credit of the United States that they can become a major instrument of our foreign policy. With these currencies, we have an opportunity to do many wonderfully constructive things in the countries which have purchased our agricultural surpluses. It is my conviction, and that of the Committee on Agriculture, that we should constantly seek better ways of using these currencies so that they will not only assist the countries which have bought our agricultural surpluses but fill a major roll in carrying out our foreign policy.

At the same time, we should seek to get value received for the use of these currencies. We should use them in place of dollars, wherever we can, in expenditures which we need to make in foreign countries. We should use them for building up the physical plant which it is necessary for us to maintain in many foreign countries. I refer not only to the construction, lease, and furnishing of buildings and facilities abroad for our diplomatic missions—which is provided in section 3 of the House bill—but to the use of these funds for the construction of military housing and other similar purposes.

The House bill contains authority for several such uses of these foreign currencies which are not contained in the Senate bill.

The fourth major difference between the House bill and the Senate bill, Mr. Speaker, is that the Senate bill contains a section having to do with the disposal of cotton and cotton products which is not in the House bill. This provision would make it possible to export cotton textiles and other cotton products under title I of Public Law 480. The Department of Agriculture is strenuously opposed to this provision and it seemed to our committee that such a step was inadvisable at the present time. Therefore, this provision has been omitted from our bill.

#### COMMITTEE AMENDMENTS

Committee amendments which would have been offered to title I of H. R. 12954, had it been permitted to come to debate in the House, have been included in the amendment which I have offered. These amendments were agreed to by the Committee on Agriculture after discussion with members of the Committee on Appropriations. The effect of the amendments is to require action by the Committee on Appropriations and the Congress before local currencies may be used for the new purposes provided in this bill.

In accepting these amendments and including them in the House bill, the Committee on Agriculture is fully aware that they are inconsistent with the spirit and purpose and the legal principles of Public Law 480. Section 104 of Public Law 480 is the section which authorizes the President to make and carry out agreements with foreign countries as to the use to which the local currencies accruing from the sale of agricultural surpluses are to be put. It is quite clear, Mr. Speaker, that any provision which gives the Committee on Appropriations and the Congress an overriding authority to determine how these currencies are to be used is a limitation on the authority of the President to make and carry out agreements with foreign countries as to these currencies and is inconsistent with the actual legal principles and the spirit of Public Law 480. We realize that henceforth in making agreements with foreign countries, the President can only make such agreements subject to the later will of the Committee on Appropriations and the Congress.

We are opposed to this in principle, Mr. Speaker. But, on the other hand, we realize that Public Law 480 and— even more certainly—the foreign currencies accruing from the sale of surpluses under that law, are going to be with us for some time. These foreign currencies will extend over a period of years. They will doubtless be used for a number of purposes which were not possible of detailed enumeration in the agreements the President makes with foreign countries. Therefore, as a practical matter, with respect to certain of these uses—particularly where they relate to programed operations of our own governmental agencies which are considered in detail in the annual budgets—we have no objection to the Committee on Appropriations considering also the use of foreign currencies for these purposes and making their use for these limited purposes subject to action by the Appropriations Committee and the Congress.

Use of these currencies is already subject to the scrutiny of the Committee on Appropriations and it has been able to make full adjustment for their use by adjusting the amount of dollars appropriated to the various agencies for similar purposes. In thus turning over to the Appropriations Committee the right and the responsibility of also stipulating the amount of foreign currency which may be used for these purposes, may we express the hope—which I am sure is shared by every member of the Committee on Agriculture—that the Committee on Appropriations will be generous in its allocation of foreign currencies for the purposes stipulated in Public Law 480. These currencies are accumulating in quantity and certainly no better use can be made of them than to assist and implement our foreign policy in the various ways permitted by section 104 of the act.

#### REUSS AMENDMENT

The other amendment to which I referred is a modification of an amendment to the act which has been proposed by the gentleman from Wisconsin [Mr.

REUSS]. It has not been acted upon formally by the Committee on Agriculture but I have discussed it with many Members on both sides of the aisle and I believe that there is no objection to it.

The amendment adds some language to paragraph (a) of section 101 of Public Law 480. At the present time paragraph (a) reads as follows:

In negotiating such agreements the President shall take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this act will not unduly disrupt world prices of agricultural commodities.

The language which has been included in the amendment I have sent to the desk will strike out the semicolon at the end of paragraph (a) and add the following language: "or normal patterns of commercial trade with friendly countries."

The language reexpresses the intent of Congress that sales for foreign currencies under Public Law 480 shall be made with every practicable consideration of the normal patterns of commercial trade of other friendly countries. This means that when the United States is negotiating a sale of surplus commodities under title I, we will take into consideration the normal patterns of commercial trade with friendly countries of the country which is buying our surplus. It is not intended to tell the purchasing country that we will not sell our surplus to it unless it maintains the exact pattern of imports it has followed at some previous time, but is intended as an additional guide to assure that our surplus disposal will be carried out in a fair and equitable manner.

It is my personal belief that our programs have been carried out in a manner that is fair and equitable to other friendly countries. Personally, I do not anticipate that the language we are proposing will make any substantial change in the policies which now apply to our surplus-disposal programs nor the manner in which they are carried out, but it is a clear reexpression of the policy of Congress that these programs should be carried out in this manner.

#### COMMITTEE REPORT

Mr. Speaker, the report of the Committee on Agriculture on H. R. 12954 contained a detailed and understandable explanation of the purpose of the various provisions in title I relating to Public Law 480. In order that that report may be clearly a part of the legislative history of the amendment I am offering here today, under unanimous consent to revise and extend my remarks, I include herein the relevant portion of House Report No. 1939 revised to conform to the paragraph and section numbers of the amendment I have offered to S. 3420:

#### COMMITTEE REPORT ON EXTENSION AND AMENDMENT OF PUBLIC LAW 480

This title amends and extends the Agricultural Trade Development and Assistance Act of 1954, commonly referred to as Public Law 480. In the somewhat less than 4 years since its enactment, Public Law 480 has developed into a measure which is not only of substantial importance to American agriculture but has become a major factor in the implementation of this Nation's foreign policy. The amendments herein are of three



general types: (1) extension of titles I and II of the act, (2) further refinement and some extension of the purposes for which foreign currencies accruing under the act may be used, and (3) a restatement of the barter provision of the act in an effort to convince the Department of Agriculture that it is, indeed, the policy of Congress that a barter program should be carried on.

#### EXTENSION OF TITLES I AND II—ADDITIONAL AUTHORIZATION

Section 1 extends titles I and II of the act for 1 additional year (through June 30, 1959). It also authorizes sale of an additional \$1.5 billion of agricultural surpluses for foreign currencies under title I. Title II of Public Law 480 authorizes the donation of surplus commodities to friendly nations and friendly peoples in order to provide emergency assistance under various conditions. Since this authority is to be used strictly for emergency and extraordinary relief purposes, the committee considers that the present authorization of \$800 million is sufficient for the coming year and no increase in this amount is authorized.

#### BARTER

Section 2 amends section 303 of Public Law 480, the section establishing a policy for the barter or exchange of agricultural surpluses for strategic and other materials. Amendment of this section would not be necessary except for the fact that the Department of Agriculture has made certain administrative determinations which have virtually nullified the intent of Congress as expressed in section 303. These administrative determinations were announced on May 28, 1957, were intended to bring an end to the barter program as it had been carried on since the enactment of Public Law 480, and have had that effect. It is the intention of Congress that a barter program substantially similar to that in operation prior to May 28, 1957 should be carried on by the Secretary of Agriculture and this section 2 is a reassertion of that intent and of the constitutional right of the Congress to direct the manner in which surplus agricultural commodities are to be disposed of and establish the general policies of such operations.

Following are the major changes to section 303 made by the provisions of section 2 of this bill:

1. Under the present wording of section 303, the Secretary is directed to barter whenever he has reason to believe that \* \* \* there may be opportunity to protect the funds and assets of the Commodity Credit Corporation by barter or exchange of surplus agricultural commodities. The intent of Congress in using this language was to direct the Secretary of Agriculture to enter into barter transactions whenever he found that surplus agricultural commodities could be traded on a businesslike basis for materials or services described in section 303. In making its administrative changes of May 1957, however, the Department interpreted this language to leave this policy determination up to the Secretary. Section 2 would remove the necessity for any such policy determination by the Secretary and direct him to barter to the maximum extent practicable within the annual limit of \$500 million prescribed by the section. By this amendment Congress takes the responsibility for the determination that the barter program itself does provide a method of reducing costs through increasing surplus disposals. The materials taken are transferred to the supplemental stockpile and CCC is reimbursed for the value of the commodities given in exchange, thereby protecting its assets. While the Secretary is not required to make any determination with respect to the program itself, he is, of course, required to exercise ordinary good business judgment in making trades totaling, if at all practicable, \$500 million. He

would still be required to obtain value with respect to each transaction and to acquire materials of eventual value to the United States.

2. The direction of section 303 to barter for materials entailing less risk of loss or substantially less storage charges is at present limited to strategic materials. The amendment would extend this direction to any materials of which the United States does not produce its requirements and which meet the qualifications as to less risk of loss or less storage charges—for example, precious metals and industrial diamonds. This change would provide additional opportunities for barter and assist the Department to expand the program to the full level permitted by this section. The committee also suggests that resumption of barter for lead and zinc might assist in solving the problems facing the domestic lead and zinc industry today.

3. Section 2 limits the value of the surplus agricultural commodities covered by barter agreements entered into in any fiscal year under section 303 to \$500 million. At present there is no limit on the volume of transactions which may be undertaken, it being left to the Secretary's discretion. Since this section now directs the Secretary to undertake a larger program than is provided for by his May 1957 regulations, the section also specified a limit for such expanded program.

4. Action of the Department placing upon potential barter contractors the burden of proving that surplus agricultural commodities disposed of by them under the program would not interfere with dollar sales is a major device used by the Department to curtail the barter program. By its regulations, the Department has limited the areas of the free world into which these surpluses may be moved and has required certificates of additionality before it would consider a proposed barter transaction. It is a clear commentary on the Department's attitude toward the whole program that only three such certificates of additionality have been accepted by it since May 1957. The language in section 2 is designed to remove this roadblock to the barter program. It will prevent the Secretary from limiting the areas of the free world into which surplus commodities may be sold under the barter program except where he makes a specific finding as to a particular transaction that that transaction will replace a specific cash sale for dollars. In this connection, the committee means United States dollars. The committee is not unaware that our export programs necessarily involve our relationships with other friendly countries. It has seen no convincing evidence, however, that the barter program involves any unfair advantage over other exporting countries and sees no reason why it, as well as other aspects of our surplus disposal program, cannot be carried out in a fair and friendly manner.

5. Section 2 also amends the existing provisions of section 303 to prescribe that no material shall be excluded from barter under that section by reason of the fact that it has been domestically processed, if provision is made for the importation of an equivalent amount of similar raw material. Convincing evidence was presented to the committee that exclusion of domestically processed materials from the barter program by the Department has resulted in the diverting of processing operations to other countries with resulting unemployment in the United States. There is also evidence that many barter transactions which would have disposed of very substantial quantities of agricultural surpluses have not been made primarily because of the Department's insistence that the material to be received in exchange could not be processed in the United States.

Section 3: This section authorizes the use of foreign currencies received from the sale

of surplus agricultural commodities for acquisition of sites and buildings and grounds abroad for United States Government use. It would include offices, residence quarters, community and other facilities, and construction, repair, alteration, and furnishing of such buildings and facilities. The section provides that such funds would be available for these purposes only in such amounts as may be specified from time to time in appropriation acts, and would be in addition to funds otherwise made available for such purposes. This section was recommended by the Department of Agriculture in an Executive communication of June 3, 1958, with the approval of the Bureau of the Budget. The acquisition and management of the property acquired thereunder would be the responsibility of the Department of State along with its existing responsibilities in this area.

Section 4: This section, also, was recommended for inclusion in the bill by the Department of Agriculture in its Executive communication of June 3, 1958. It authorizes the use of foreign currencies received from the sale of surplus agricultural commodities for financing trade fair participation and other activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956. Use of foreign currencies for this purpose will not only permit more effective exhibits and displays to promote sale of United States commodities in countries where foreign currencies are available for this use, but will release, for the purpose of promoting agricultural trade through trade fair exhibits in other countries, some of the dollar appropriations for these purposes. Under Executive order, the Commerce Department is primarily responsible for the trade and industrial fair participation activity.

Section 5: This section authorizes the use of foreign currencies accruing under title I of the act to be used for financing an intensified and expanded program of locating, evaluating, translating, and obtaining foreign books, periodicals, and other publications outside the United States which are of scientific, technical, and cultural significance in this country. Such programs have been carried on rather intensively by the Library of Congress since World War II and substantial dollar appropriations have been used for this purpose. This section would not only permit the expansion of this valuable work but would very possibly permit the use of some foreign currencies in place of appropriated dollars.

Section 6: Under existing provisions of law, certain areas of the world which are the responsibility of the United States are not fully eligible to receive or use our surplus agricultural commodities because they are neither foreign countries nor a part of the United States. These areas include specifically the Trust Islands of the Pacific and the Ryukyu Islands. The purpose of this section is to permit the President to make such areas eligible to participate in the surplus agricultural commodities disposal and distribution programs.

Section 7: The purpose of this section is to permit the President to enter into agreements to use foreign currencies from sale of surplus commodities for health programs, literacy and technical training programs, and similar programs not specifically covered by other provisions in this act. The committee intends that these should be cooperative programs, with the United States cooperating with the local government and in some instances other agencies in carrying out these programs. As a general objective, the committee believes that the local government or other interested parties should make an equal amount of funds available for such programs but it is aware that there are certain areas—probably those in the most urgent need of programs of this type—where direct matching of funds on the



part of local governments will not be possible. In such instances, the President in his discretion may authorize the use of local currencies by the United States in excess of the amounts contributed to the same projects from other sources.

Section 8: This section authorizes foreign currencies generated under title I of the act to be used to a greater extent in our international educational exchange effort.

Subsection (a) amends section 104 (h) to permit the use of such currencies in financing exchanges of persons as authorized in the United States Information and Educational Exchange Act of 1948 (Smith-Mundt Act). These include urban and farm youth and leaders and specialists in such fields as agriculture, labor, education, and industry. The present use of these currencies under section 104 (h) is restricted to exchanges under Public Law 584, 79th Congress (Fulbright Act), which confines itself to exchanges of an academic nature.

Subsection (b) adds a new paragraph to section 104 of the act authorizing the use of these currencies to assist in the expansion and operation of American-sponsored schools and educational institutions abroad. The assistance is limited to established schools, sponsored by Americans, that help to create a better understanding abroad of the United States and at the same time develop and train foreign nationals to help themselves. Such schools play an important role in furthering our foreign policy objectives. Assistance that will enable them to improve and expand their facilities and increase their foreign student enrollment will enhance their effectiveness in these areas.

This section provides also for use of these currencies in supporting workshops and chairs in American studies. The workshops would be of relatively short duration, such as the training of a group of teachers in American history or American educational techniques, and the chairs would be of longer duration. Use would be made of selected educational institutions abroad for these purposes.

#### USE OF FOREIGN CURRENCIES FOR EDUCATIONAL, TECHNICAL TRAINING, AND PUBLIC HEALTH PURPOSES

The committee has noted with approval the testimony of Under Secretary of State Herter, and of the Assistant Secretary for Economic Affairs, Mr. Mann, supported by Dr. Elliott for the Department of State and Mr. Smith for the International Cooperation Administration, which emphasized the importance of expanding certain types of training programs on a selected basis, emphasizing particularly those dealing with administrative, vocational, and technical education, which are essential to the economic development and the political objectives of the United States to increase the stability of these less-developed countries. The State Department's testimony on the value of Public Law 480 funds for assistance in such programs under paragraphs (e) and (g) of section 104 of the act, both for grants and loans administered through the International Cooperation Administration, leads the committee to urge that the situation admitted in the testimony of Mr. Mann be further amplified. It takes note of the Assistant Secretary, Mr. Mann's, assurance that the large backlog of foreign currencies which for various reasons have not been put to use are now going to be in greater measure employed to the ends that are emphasized both in the act and in the State Department's own testimony. The Department and the International Cooperation Administration agree on the view that larger amounts of currency can be used effectively to help these countries help themselves under the general economic development powers granted by paragraph (e) of 104 of the basic act. The committee would, therefore,

expect a fuller use of the funds generated and a greater emphasis on the self-help through education and training which would promote economic development, and increase the powers of these less-developed countries to resist Communist incursions upon them.

The committee takes note of the fact that the State Department, the International Cooperation Administration, and the agencies which are pursuing technical training programs and cultural objectives under the provisions of Public Law 480, acknowledge their duty to account to the Congress for the uses supporting our foreign policy to which these funds are put. The President's budget annually informs Congress of the uses to which local currency derived from Public Law 480 programs are put. It should contain tables which explain fully that share of sales proceeds that is used to substitute for dollar expenditures and to what extent these local currencies may be used to supplement programs for which dollar appropriations are needed for uses abroad. To this extent they should be taken into account by the Appropriations Committee in considering dollar appropriations and where foreign currencies from sales of farm surpluses are available they may make it unnecessary to appropriate dollars for necessary and basic objectives in the military, political, and economic struggle forced upon us by Soviet imperialism. The Congress of the United States and the people should be aware of this valuable aspect of Public Law 480. It serves through the funds it creates in foreign countries, the uses not only of a United States foreign policy but of our national security, so long as the sales under the act are protected, as the act itself aims to insure, against the damaging of normal agricultural markets, world prices, and commercial procedures.

While by no means all the proceeds from title I sales may (or should) be wholly used for the objectives emphasized in the testimony of the Department of State, it is still the case that, by this testimony, an increased amount of the local currencies secured in payment for such surplus agricultural commodity sales should serve essential needs of the United States in its struggle against Communist domination of the world, in some of the most vulnerable areas.

#### USE OF PUBLIC LAW 480 FOR DEFENSE HOUSING

During our hearings on Public Law 480 extension, the committee heard much testimony in connection with the desirability of financing family housing programs for United States military personnel in foreign countries out of proceeds realized from the disposal of surplus agricultural commodities. Detailed testimony was given by Mr. John H. Arrington, Chief of the Family Housing Division, Office of the Assistant Secretary of Defense, in connection with this housing.

We note with approval that a total of 8,896 dwelling units have been built under the surplus-commodity program. These are units that otherwise would have had to be paid for with dollars, would have meant paying dollars in quarters allowances to owners in some foreign country, or would have remained unbuilt.

In connection with the French program of some 2,700 units of family housing, the committee noted particularly Mr. Arrington's statement: "Since it was not possible to obtain any sizable quantity of French francs through a direct sale to France under title I of Public Law 480, efforts were made to develop a barter-type transaction as a source of the required funds for housing in that country." Such a barter transaction was arranged and the entire cost of the French housing development—some \$50 million—is being paid out of a barter of our surplus agricultural commodities.

The committee would like to encourage this kind of use of our surplus commodities

and the types of transactions which are necessary to make these commodities and the proceeds therefrom available to pay for defense housing in other countries. We do not believe that any additional stipulation in the law is necessary in order to provide authority for such transactions, therefore we have not included any specific provision to that effect. The committee does feel, however, that serious efforts should be made to use surplus agricultural commodities, either under title I of Public Law 480 or by means of barter, to pay for our defense housing wherever it is needed in other countries throughout the world.

The committee also wants to encourage the use of so-called triangular transactions, where one free nation acquiring agricultural commodities under the act barter or exchanges such commodities with another free country eligible to receive such agricultural commodities under this act. We strongly endorse the use of Public Law 480 for these triangular transactions in those specific cases where the ultimate recipient of the agricultural commodities would be otherwise eligible under the act, where the manufactured goods being exchange for the surplus commodities do not interfere with potential American export of such goods, where the country through which the triangular is being carried out is in need of United States economic aid or defense support, and where the two participating countries themselves will support and endorse the proposed transaction. We recognize that under these limitations perhaps only 2 or 3 such transactions might be undertaken in any fiscal year, but we feel that such transactions are so beneficial where they comply with the limitations suggested that they are well worth the effort necessary to provide for their orderly consummation.

Mr. Speaker, I hope that this bill will be passed.

(Mr. COOLEY asked and was given permission to revise and extend his remarks.)

Mr. JUDD. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I must oppose as strongly as I can the passage of this bill under this procedure which denies us time to point out the almost unlimited and unbelievable extension of Federal funds and power into fields that the Congress of the United States from the foundation of the Republic has never previously been willing to enter. I oppose it also because it does not give us opportunity to amend the bill in order to extend Public Law 480 without all the additional new powers which this bill grants.

I think I can claim to be as interested in Public Law 480 as any Member of this Congress. I introduced in 1953 the bill which in 1954 became title I of Public Law 480, authorizing the sale of surplus commodities abroad for foreign currencies. I introduced it but could not get the Committee on Agriculture interested. I went before it and testified in behalf of it—in vain. So we put the essence of it into section 550 of the foreign aid bill of 1953. I had a dual concern: our good relations with other countries and our agricultural surpluses. The former was intended to be primary. Section 550 established a means of using, in furthering our foreign policy, the farm surpluses which had already been bought and paid for by the Government, in lieu of new appropriations of dollars for foreign aid. It was not primarily



to get rid of surpluses, but to promote our foreign policy more economically.

So strict limitations were provided. The sales were to be only additional sales; they were not to disrupt normal marketings; they were not to disrupt world market prices. The program was not to become a dumping operation. The program was sound and it worked. So, the next year the Committee on Agriculture took it up, incorporated the section 550 program as title I of Public Law 480, which in title II authorized grants of surpluses for emergency situations and in title III authorized barter of surpluses under prescribed conditions.

As the gentleman from North Carolina said, it worked well. But the emphasis is being shifted so that now, to many people, the program's primary purpose is not to promote our foreign policy but just to get rid of surpluses. In fact, the program is becoming of such a size and character that it threatens to disrupt the friendly relations around the world that the program was designed to foster.

I certainly would favor a straight extension of Public Law 480. But this bill goes far beyond that. It authorizes uses of foreign currencies completely different from any previously authorized.

I oppose these changes in Public Law 480 on several grounds. First, I do not think we ought to direct the appropriate agencies of our Government to barter under circumstances that those agencies, including our State Department, and others responsible for the conduct of our foreign affairs feel will be inimical to our own country's best interests. Permissive authority is one thing; direction is another.

In addition to its undesirable foreign-policy features, I oppose it because of the implications it has for our domestic policy in the field of education. It expands the use of foreign currencies in other countries to include educational purposes for which we have never been willing to use Federal funds here at home. In my opinion, it is very nearly a violation of the first amendment to the Constitution. It certainly disturbs our historic separation of church and state in the authority it grants for aid to private and religious schools. I served as a missionary and we always needed and wanted more money for our schools. But the Federal Treasury is not the place to get it, if we want our schools to be genuinely free.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from North Carolina.

Mr. COOLEY. I would like to just ask the gentleman if he does not realize that your own Secretary of State, Mr. Dulles, came before the committee last year and supported this bill, and he came this year and support the bill.

Mr. JUDD. An awful lot has happened since last year, and there are a good many things in this bill that many folks, including, perhaps, the Secretary, do not quite realize.

Let me develop for a moment the point that the bill authorizes use of these foreign currencies for all types of education

in the various countries—with almost no limitations. No text of this amendment is available, but if you will take the original bill and look at section 108 (b), what does it say? It says that this assistance is for the expansion and operation in foreign countries of established schools, colleges, and universities. Never in the history of this Nation has a bill been passed by the Congress authorizing in such broad terms the use of public moneys for the operation of schools, colleges, and universities.

Then it says "founded or sponsored by citizens of the United States." That means that a school may have been founded by anybody, but if it has been sponsored by any American citizen, if any American has ever given \$100, or any other amount, to the school, whether it is a vocational school or a public elementary school or a private theological seminary, then the bill authorizes Federal-owned foreign currencies to be used for the support of that institution. If that is not in violation of the first amendment, I hardly know what would be.

Mr. SIMPSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Illinois.

Mr. SIMPSON, of Illinois. I will say to the gentleman he is definitely right about the educational provision. It calls for a 1-year college course. You are only extending the law for 1 year.

Mr. JUDD. It is not limited to colleges. It can include kindergartens. It authorizes grants of foreign currencies to any existing school anywhere in the countries being helped, if only any citizen of the United States makes a contribution to the school and thereby sponsors it.

Grants for what purpose? "Expansion or operation" of the school. Did any Member ever see such an authorization in any bill ever before passed by the Congress? Down below it adds "for the purpose of enabling such educational institutions"—but it is not limited to that purpose—"to carry on" what kind of programs? "Vocational, professional, scientific, technological, and," believe it or not, "general education." That is the language of the bill. Are we going into general education all around the world? Do we want to embark on such a program?

I know it will be said that an amendment has been accepted to the effect that the assistance shall be in such amounts as may be specified from time to time in appropriation acts. That is an improvement. It means that the Committee on Appropriations can hold down the amounts and exercise some supervision. But no such authorization should ever be given for any amount at all, whether in pennies or liras or yen of foreign currency.

It will be said that the State Department has no intention to use the currencies for such broad purposes. I have here a list of the criteria that the State Department says it intends to follow, and if these were in the bill, I would not have objected. But the language of the bill does not restrict them to these criteria.

They are not a legal limitation; they can be changed tomorrow. Why should the Congress grant authority far beyond what they say they want?

Mr. Speaker, I am going to ask permission to include these criteria at this point in my remarks, so that in the future it can be shown that the Congress, if it should pass this bill, did so with the understanding that the currencies are to be used only in accordance with these criteria. They should provide some brake.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### CRITERIA USED IN DEPARTMENT OF STATE TO DETERMINE THE ELIGIBILITY OF SCHOOLS ABROAD FOUNDED OR SPONSORED BY UNITED STATES CITIZENS

(a) Financial aid will be given only to already established schools.

(b) A school must be a nongovernmental, nonprofit school.

(c) There must be evidence that the school is located physically so that it can be influential in the community and region.

(d) The school must have been established by United States citizens.

(e) The school must operate with the approval of the national government of the host country and must be nonpolitical in character.

(f) The board of directors must include United States citizens.

(g) The director or principal of the school should be a United States citizen.

(h) Depending on the size of the student body, there should be a sufficient number of teachers from the United States to assure adequate contact for the students with United States teaching methods and ideals.

(i) The curriculum and instruction of the school should reflect United States theory and practice in education to the greatest extent possible within the framework of local laws and regulations.

(j) The school should offer courses of study in the language, literature, geography and history of the country in which the school is located and also of the United States.

(k) The school should supplement rather than compete with the work and activities of national schools.

(l) High educational standards and practices must be employed by the school.

(m) The student body should include a substantial number of foreign nationals.

(n) The financial condition of the school must be such that there is reason to believe that it will be able to continue operations without substantial continuing United States Government aid.

(o) Financial aid will not be given to church-connected schools or to company or private profit-earning schools.

Mr. JUDD. Mr. Speaker, this bill is like the public health education bill we had up the other day under the same suspension procedure; and we sent it back for revision. It provided grants-in-aid "for the support of public or nonprofit educational institutions which provide comprehensive professional training in the field of public health." We sent it back, and the committee brought it out so amended that the grants would be for "provision in public or nonprofit educational institutions of comprehensive professional training in the field of public health." There is a world of difference between those two.



Why doesn't the Committee on Agriculture amend this bill so that it will say what they say they mean? Who drafts language which includes such far-reaching powers, beyond what they say they have in mind?

If this section 108 were to say, "assistance by grant or otherwise, for the provision in established schools of programs of vocational, scientific, and technological education"—dropping out "general education"—it would be another thing. I would support that. But that is not what the bill says.

So, in summary, what schools can be given aid in United States-owned currencies? Any established schools to which any United States citizens make any contributions.

What activities within such schools? Any activity; it says for operation of the schools. You could pay off the debts of the school. And it specifically includes general education.

Mr. Speaker, this bill authorizes too much money and too much power. It can pervert a good program into a bad one. Its operations are already endangering good relations with such old and good friends as Canada. This bill makes new grants of power that are beyond defining at this time. In fact, there is a grant even broader than what I have already read. Look at page 5. It authorizes use of the foreign currencies "for non-self-liquidating projects for the development of human resources and skills." Has anyone ever seen in any legislation in all their time in this Congress a grant of power to use Federal funds, in foreign currencies, for anything as all-inclusive as the development of human resources and skills? What is there that could not be done under that language?

Mr. Speaker, we ought to vote this bill down, send it back to committee, and have them come out with a simple extension of Public Law 480. This proposed legislation can make a monster of what was previously a healthy child.

To vote down the bill today will not kill the Public Law 480 program. The Agriculture Committee can bring the bill back promptly without these new modifications, and it will be passed overwhelmingly. That is the sound and sensible thing to do.

Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. HILL].

(Mr. HILL asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield to my chairman.

Mr. COOLEY. Mr. Speaker, I should like to point out to the gentleman who just addressed the House that his remarks are calculated to mislead the Members of this body, because this bill we are now voting on only authorizes the use of currencies generated by the sale of surplus commodities and only after the Committee on Appropriations of this House appropriates the money or recommends the appropriation of the money and the House approves the appropriation.

Mr. JUDD. I think it is even more dangerous to use our foreign currencies

for such purposes abroad, where we cannot keep close watch of them, than it is to use our own dollars for unlimited Federal aid to education here at home.

Mr. COOLEY. That is under the provision of the committee amendment.

Mr. JUDD. No such grant of power for such a purpose ought to be made for even 1 rupee or peso anywhere.

Mr. HILL. Mr. Speaker, I should like to say just a word or two on the bill. I think our colleague from Minnesota [Mr. JUDD] is much exercised over something that is exaggerated out of all importance. If we send food to an area where the children are hungry or people are starving, or if we send clothing, I ask you in all good conscience if we are not sending money? There is no use of anyone misleading the Members, because we know that when we send food and clothing to any nation in the world, it may be used by the schools—and I hope more of it will be used by the churches; I do not go along with the idea expressed in opposition to such use. Frankly, one of the biggest mistakes that has been made in Public Law 480 is the fact that we have not used every kind and type of social organization in the giving away of surplus food. That is what we are voting on today. They are not voting on any particular section of this bill. I do oppose a section of this bill, but I do not oppose the entire bill. But that is what we are voting on this afternoon, the entire bill.

Mr. Speaker, the other body has already passed this section effecting schools and the churches and the organizations in foreign countries where by our action we would be giving away our surplus farm crops instead of piling surpluses into storage costing millions of dollars.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield to the gentleman for a question.

Mr. ABERNETHY. Is it not a fact that the Department of State has approved of the very proposal about which the gentleman from Minnesota complains? Is it not also the fact that the gentleman from Utah, Dr. DIXON, a well-known educator, who is a member of our committee, is also in thorough agreement with the proposal?

Mr. HILL. Certainly.

I cannot yield any further, because this is really a discussion of what you call money. The money we are giving to these countries is not Federal funds as such (it is the currency we have received from the assistance we are giving the countries that are our friends).

Mr. DIXON. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Utah.

Mr. DIXON. Dr. Elliott, of the Department of State, appeared in favor of this section and pleaded for it.

Mr. HILL. Absolutely.

I am sure I should bear up the hands of my chairman. Not one single person appeared in our committee in opposition to this bill. Time and time again we said, "Who is opposed to this extension, anyway?" Our hearings will show that

we had no one appear in opposition. I think we should support this measure.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. There is one important thing I should like to know. I agree with the gentleman on that provision and I cannot agree with the gentleman from Minnesota [Mr. JUDD]. If we vote for this bill, will the charter provisions be mandatory on the Department, or discretionary?

Mr. HILL. The gentleman is asking for my opinion?

Mr. McCORMACK. Yes.

Mr. HILL. I certainly agree it will not be mandatory in any sense whatsoever. It states in the very first line, as far as it is practicable, and it certainly would not be practicable if you are going to make an enemy out of a country by letting it use counterpart funds that would depress their economy.

Let me go one step further now, before I yield again. I have in my hand, and I will put it in the RECORD at this point, where the Secretary of Agriculture gives a news release on the situation in regard to surplus farm crops. We must keep in mind what brought about the origination of Public Law 480. We should not have to tell you that the origination of Public Law 480 was because of surplus farm crops.

The SPEAKER. The time of the gentleman from Colorado has expired.

Mr. COOLEY. Mr. Speaker, I yield 1 additional minute to the gentleman from Colorado.

Mr. HILL. To close my remarks, Mr. Speaker, let me say this. Truly, really, and truly, the farmers of the United States, the producers of agricultural products, producing the greatest percentage of our real, natural, new wealth, are absolutely 100 percent behind this legislation, when you understand what it does not only for the farmers but for the markets for surplus crops getting these surpluses in the hands of our friends we should support it.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. I am in full agreement with the gentleman. I think he is absolutely correct.

Mr. HILL. I thank the gentleman.

I should like to discuss the export situation and some of the implications favoring the extension of Public Law 480.

As we face today's grave decisions growing out of the crisis in the Middle East, we can be thankful that our position is one of strength, not weakness. This is true of our military, of our industry, and of our agriculture that supports both.

In times of crisis, supplies of food, and feed that only a short time ago may have been labeled surpluses suddenly take on new importance as valuable reserves. Certainly this was true at the time of World War II and Korea. No one can prophesy the outcome of this new crisis that confronts us, but I do want to express my appreciation to the farmers of



the United States for the substantial contribution that they are making to our ability to meet our international challenges, whatever they may turn out to be.

Wheat, of course, is one of the commodities that immediately comes to mind at a time of crisis.

The farmers of Colorado and the other great winter-wheat growing States have been industriously harvesting a big crop. The July crop report of the Department of Agriculture says that the Nation's total wheat crop this year, including both winter and spring, is expected to be 1,343 million bushels. This would be the second largest crop in history, exceeded only by 1947.

Through Public Law 480 we have been able to expand greatly the consumption of wheat from United States farms. We have been able to move great quantities to friendly countries where it is badly needed, thus performing the double service of giving an expanded market to our wheat growers and strengthening our relationships with foreign friends at a time when such friends are very much needed.

We recall that in the 1957 fiscal year our wheat industry achieved an alltime high record of exports of wheat and flour equivalent, totaling 550 million bushels valued at nearly \$1 billion. These exports were equal to 55 percent of the national wheat production for the year. They made it possible, for the first time in 5 years, to reduce the national wheat surplus by over 100 million bushels.

A large share of the credit for this accomplishment goes to Public Law 480, particularly Title I which provides for selling surplus commodities to friendly countries for their own currencies. In fiscal year 1955, wheat exports under foreign currency sales came to 24 million bushels. In fiscal year 1956 they came to 94 million bushels. In fiscal year 1957 they came to 200 million bushels. In the 1958 fiscal year that ended June 30, wheat exports under title I came to 175 million bushels—which, I might add, represented 44 percent of our total wheat exports for the year.

As a result of Public Law 480 activity, we had a further cut in the surplus wheat stockpile during the past season.

Furthermore, this additional export movement of wheat means larger purchases of free market supplies by private traders and it means more money in the pockets of farmers. We have all noted recently that with a general recession facing the business community of the United States, agriculture was probably the least affected of any of our major industries. The marketing and income benefits that accrued from Public Law 480—not only to our wheat growers but to a wide variety of agricultural producers—probably have been responsible more than any other contributing factors for this favorable situation.

The Department of Agriculture estimates that because of the wheat export disposals made under the Public Law 480 program, farmers received on the average 9 cents more per bushel for all the wheat they marketed in 1956–57. This meant that farm income from wheat during the current season is up

about \$90 million because of the Public Law 480 program.

The benefits to our agriculture from Public Law 480 are tangible, and with our own eyes we can see them—in terms of more products moving from farms, more activity in the agricultural business community, and more income for farmers. From where we stand it may be a little more difficult to see the tangible benefits that accrue overseas in the friendly countries where our products finally are consumed. Colombia in South America is one of these countries, and I noted how our Ambassador, Mr. John M. Cabot, once described the usefulness of the program:

It may not mean much to you to say that we have shipped 130,000 tons of wheat and flour in 1955–57, and over 30,000 tons of cotton. Perhaps you can judge the quantities better if I say that the wheat and flour will make 800 million half-pound loaves of bread and that the cotton is sufficient to make 1 suit of clothes for every man, woman, and child in Colombia.

Public Law 480 is a program that reaches directly from our American farms to millions of friendly people overseas. When we multiply the loaves of bread and the suits of clothes in Colombia by the very wide array of products exported under Public Law 480, and multiply it again by the 37 countries with whom we have title I agreements, we find here a program in support both of our domestic agriculture and of our foreign policy whose impact is of the highest magnitude.

The authorization for Public Law 480 came to an end on June 30. That was 21 days ago. Today we are in a period of vacuum, insofar as being able to go ahead and make plans for future activity. This is a program that cannot wait.

Yesterday the Secretary of Agriculture, Mr. Benson, announced that the Department of Agriculture is holding a \$600 million backlog of requests from friendly countries to purchase surplus agricultural commodities under title I of Public Law 480. Involved in these requests are tremendous quantities of wheat, feed grains, cotton, soybean oil, tobacco, rice and dairy products. The greatest help can be given farmers if purchasers are in the market when the crops are being harvested. This timing of sales is extremely important in terms of income to farmers. The longer we are without authority the more serious our surplus situation becomes. We are not only losing exports but we are losing opportunities to promote goodwill in friendly countries. Certainly in the current critical situation this is an extremely important factor to consider.

To those of my friends on both sides of the aisle who are or should be concerned about the implications of our failure to extend title I of Public Law 480 I wish to make the following additional points:

First. Immediately after the August Cotton Crop Report is released the Department of Agriculture will have to make a final decision with respect to the support level of cotton for this marketing year, 1958. If Public Law 480 is not

on the books by then, necessarily the Department of Agriculture will have to assume that the exports during the 1958–59 marketing year will be reduced below the level which would otherwise prevail. In other words, the USDA would have to reduce the estimates of exports by the estimated amount of exports resulting from new Public Law 480 commitments. This failure will have the immediate effect of resulting in a lower cotton support price for the 1958 crop than would prevail if Public Law 480 were in operation. This will mean substantially less income to every cotton farmer.

Second. Failure to pass legislation for Public Law 480 may mean that the 1959 acreage allotments for cotton, rice, corn and tobacco will be substantially less than would otherwise be in effect. This is due to the fact that the Department of Agriculture will not be able to include additional Public Law 480 exports in the export estimates. This will reduce the normal supply levels and will cause severe acreage allotment cuts to farmers and distress in their communities. Local farm related businesses such as gins, cottonseed mills, rice mills, transportation and shipping, fertilizer and pesticide sales will be affected. Labor will suffer.

There is one section in this proposed extension of Public Law 480 which is not acceptable. I am referring to section 303 of the mandatory barter section.

This bill has in it mandatory barter provisions which are entirely unacceptable. They would work at cross purposes to the rest of P. L. 480 in that they would damage our international relations and lower prices to farmers. This, I cannot in good conscience support.

As presently conducted, the barter program to exchange our agricultural surpluses for commodities owned by the Commodity Credit Corporation is helping the American farmer. This is true, even though exports by barter have been reduced over previous years. The Secretary of Agriculture now has the authority to decide whether or not proposed barter transactions protect the funds and assets of the Commodity Credit Corporation. This discretion on his part means that all programs authorized under Public Law 480 are handled in the same manner. For example, foreign currency sales under Title I are sales in addition to the usual marketings of the United States products. I believe it would be a serious mistake to give preference to the barter program by removing its discretionary aspects and setting it out for special treatment.

The proposed amendment of section 303 of Public Law 480 goes farther than to delete the discretionary power of the Secretary of Agriculture. It directs the Secretary to the maximum extent practicable to barter for strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss in deterioration or substantially less storage charges. It also directs him to conclude these barter transactions with a ceiling of \$500 million annually. It provides that he shall place no restric-



tion or barter transactions in the countries of the free world except where he makes specific finding that the transaction will replace a cash sale for dollars.

Let us examine the effect of these provisions. It is true that the amendment is in accordance with the present policy of the Department of Agriculture to approve barter transactions only when they do not replace dollar sales. However, it unwisely places the burden upon the Secretary to make a specific finding for each transaction that it will replace a cash sale. Barter deals are approved now only where there is proof by the contractor that the transaction will result in the exportation of additional quantities of the commodities involved. It would be extremely difficult for the Secretary to be able to make a finding that a particular barter transaction will replace a particular cash sale.

Under the barter program there is a contract between a private United States firm and the Commodity Credit Corporation in which the firm agrees to export agricultural commodities as payment for materials to be supplied to the Government. The burden of proof as to the additional trade aspects of the barter rests with the private trade where it should be. After all, these transactions are carried on through regular commercial trade channels. A barter, even under present regulations, is considered a profitable and attractive transaction. It appears to me, therefore, that the people who stand to gain, that is, private traders, should prove the additionality that will result in profits to them.

It is obvious that the proposal places the Secretary and the Department of Agriculture in a completely untenable position. As I said, it would be extremely difficult, if not impossible, to make a finding that a proposed transaction would replace a cash sale for dollars. Agricultural commodities move in international trade in a manner that precludes anyone having full information of all transactions that might be made for dollars. I can only conclude, therefore, that the proposal appears to give protection to regular United States dollar sales. As a practical matter, however, no such protection is afforded by the amendment.

Very briefly, therefore, the barter amendment would take away the Secretary's discretionary authority in running the program, yet urge him to barter up to \$500 million annually. It would impose a very large administrative burden on the Department of Agriculture and shift the responsibility for proving the additionality from the private trader, where it belongs, to the Department.

The amendment also directs the Secretary to barter for materials of which the United States does not domestically produce its requirements. This language seems mandatory. If enacted it would mean that the United States would have to take materials offered to it and put them into supplemental stockpiles even though they may not be suitable for any Government program. Among such items of questionable suitability might be precious stones, pepper, kapok, fullers earth, iron ore, rhodium, zirconium, and so forth. Also, we may have large stocks

of these materials already accumulated. This part of the amendment is also ill-advised.

Another barter provision in these proposals that is odious is one that no material shall be excluded by reason of the fact that it has been domestically processed. There have been barter transactions proposed under which 80 percent of the cost represents domestic processing. What kind of barter program is this when we exchange agricultural commodities with domestic industries for resale abroad for dollars? This sets up a horrible fiction.

I believe the whole concept of the proposed amendment is contrary to the interests of the United States and the American farmer. The barter program is sufficiently attractive now. Barter companies are offering as much as a 10 percent discount on the agricultural commodities obtained under the program. The Department of Agriculture is attempting now to conclude barter transactions which will result in additional trade, protect normal exports, and generally be of profit to American producers.

In addition, it should be noted that a mandatory barter program of this size will result in lower—note I said lower—prices to wheat, cotton, and feed grain producers. At present, the subsidy in kind program takes the commodities to be exported out of the free market and gives a price lift to the market. Under this mandatory barter program, the commodities will come out of CCC stocks with a resultant weakening of the free market. That is the effect—that is, to lower market prices.

In view of the delays which have already occurred and which are costing the farmer dearly, I will vote for this amendment under the assumption that this undesirable and unacceptable barter section will be eliminated in conference. The burden and results of the delays are manifest and manifold. Let us get this legislation to conference, clean it up and get it signed into law.

Farmers are harvesting and marketing crops now. They need export outlets now. Markets are being lost now. Thus, income to farmers is being hurt now. Let us get on the job.

#### SECRETARY BENSON ANNOUNCES LARGE BACKLOG OF REQUESTS FOR PUBLIC LAW 480 PROGRAMS

Secretary of Agriculture Ezra Taft Benson today announced that the Department is holding a large backlog of requests from friendly countries to purchase surplus agricultural commodities for foreign currencies under title I, Public Law 480.

The requests at this time total over \$600 million at cost to the Commodity Credit Corporation and include substantial quantities of wheat, feed grains, cotton, soybean oil, tobacco, rice, and dairy products.

The Secretary pointed out that the development of programs in response to these requests cannot be started because the authority to conclude title I agreements expired June 30, 1958. On July 2 USDA announced that the balance of \$30 million remaining under title I was being held for contingency use in connection with agreements already negotiated.

"On January 16, 1958, the Department requested the Congress for an additional authorization of \$1.5 billion under title I and

as yet this authority has not been received," the Secretary said. "It is important," the Secretary added, "that we negotiate large programs now in order to maintain agricultural export shipments at high levels."

He said that greater help could be given to farmers if purchasers are in the market when crops are being harvested and this timing of sales would result in more orderly programming of commodities and more efficient use of shipping facilities.

The Secretary stated that the need to export farm surpluses has become more urgent in view of the forecast of large agricultural production this season, particularly with respect to wheat, corn, and soybean oil. He said negotiation of agreements under title I takes time and the longer we are without authority the more serious our surplus situation becomes.

"Last year, when Public Law 480 was not extended until the middle of August, it took several months before substantial agreements were concluded," the Secretary said. "This delay caused a sharp reduction in agricultural exports for the last half of calendar year 1957."

"While we will be able to export some commodities during this summer from agreements concluded earlier this year, we should be negotiating new agreements now to prevent a slump in shipments this fall."

The Secretary emphasized that action should be taken on some program requests now. The expiration of Public Law 480 will not only result in the loss of exports but loss of opportunities to promote good will in friendly countries.

"During the past 4 years," he said, "we have programed \$4 billion worth of surpluses to friendly countries under title I. Besides contributing to the reduction of surplus stocks, the program has proved valuable through the use of the foreign currencies abroad to promote agricultural market development, pay United States expenses, make loans to foreign governments and to private United States and foreign business firms for economic development projects, and expand other United States programs."

The Secretary also said, "immediately after the August Cotton Crop Report is released the Department of Agriculture will have to make a final decision with respect to the support level of cotton for this marketing year, 1958. If Public Law 480 is not on the books by then, necessarily the Department of Agriculture will have to assume that the exports during the 1958-59 marketing year will be reduced below the level which would otherwise prevail. In other words, USDA would have to reduce the estimates of exports by the estimated amount of exports resulting from new Public Law 480 commitments."

"This failure will have the immediate effect of resulting in a lower cotton support price for the 1958 crop than would prevail if Public Law 480 were in operation. This will mean substantially less income to every cotton farmer."

"Expiration of legislation for Public Law 480 may mean that the 1959 acreage allotments for cotton, rice, corn, and tobacco will be substantially less than would otherwise be in effect. This is due to the fact that the Department of Agriculture will not be able to include additional Public Law 480 exports in the export estimates and the carryover will be affected. This will reduce the normal supply levels and will cause severe acreage allotment cuts to farmers."

(Mr. QUIE (at the request of Mr. H. CARL ANDERSEN) was given permission to extend his remarks at this point in the RECORD.)

Mr. QUIE. Mr. Speaker, I rise in support of extension of Public Law 480. Not long ago, in a message to this House, I pointed out that a great humanitarian



need exists for continuance of this program. I would like to discuss this ever-present need in my remarks today.

The value of Public Law 480 is rooted, of course, in the good it does to our people here at home. Public Law 480 is invaluable for a healthy agriculture—because it is responsible for the easing of heavy surpluses which do so much to depress our farm economy. Public Law 480 is a necessary part of our farm economics—and of the health of our towns and villages and cities which depend on a prosperous agriculture for their well-being. Public Law 480 is good legislation for taxpayers—of which all of us are. The law eases the burden of storage which taxpayers carry.

In short, Public Law 480 is good economics and good business. It is good for our country.

Even above this, it is a humanitarian act. Through this legislation, we feed hungry people of the world with our own surplus which would otherwise be glutting our storehouses.

Unfortunately Public Law 480 is still in the stage of lapse. It is not able to do good for our economy at home—or for the needy people of the world who depend on our surplus for their very survival.

The need now is acute. On very good authority, Mr. Speaker, I understand that the nation of India—which we need as a friend in our cold war battle against aggression—stands in the hope that we will send surplus food to its people through the agency of Public Law 480.

I understand that India has requested for millions of tons of additional grain, wheat, rice, dairy products and cotton.

As of now, Mr. Speaker, we cannot grant their request, because Public Law 480 is not operative. This situation makes even more dramatic the words I used when I described what can happen to our international program as a result of this lapse. I say again that every day we neglect to extend this much-needed program, our country is losing—losing opportunities for new markets, and losing opportunities to feed people, losing touch with the uncommitted peoples of the world.

The failure to extend this law on its deadline date of June 30 is responsible for the inability of this country now to extend food to India under Public Law 480.

I realize that there has been difficulty in securing an agreement on this program due to the mandatory barter provision in the bill—but as the House version now reads, it is not a great enough disagreement for us to hesitate in passing the legislation.

If we had merely added these words to section 303 at the end of the first sentence—"Whenever he (the Secretary of Agriculture) finds it possible to protect the funds and assets of the Commodity Credit Corporation thereby"—I believe that most of our difficulty regarding the barter provision could have been settled.

Mr. Speaker, I urge that the Public Law 480 program be extended. The nation of India has provided the most telling argument of all. Our Nation needs

Public Law 480—for its own economic strength and as a valuable program in its international dealings.

(Mr. HILL asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. ANFUSO].

Mr. ANFUSO. Mr. Speaker, first of all I should like to congratulate the gentleman from Colorado [Mr. HILL] on the very fine statement he has made here before the House. Certainly I think we ought to do a lot more, and we can, through the aid of voluntary agencies in helping humanity.

I was indeed surprised at the remarks of the gentleman from Minnesota [Dr. Judd] because I think his record here in Congress is not consistent with what he has said here today.

I congratulate all the Members of the House, and particularly the leadership on both sides, for bringing up this legislation under suspension of the rules, because it is in my opinion one of the most important measures that we needed at this period in our history. The amendment offered by the gentleman from North Carolina, the distinguished chairman of the House Committee on Agriculture, covers the subject of barter as to which the testimony before the Senate committee and the House committee was overwhelmingly favorable. I found that to be true in almost every question and answer I received from Members of the Congress with whom I have spoken. Now this is important. Under the basic authority of the 1948 act the Department of Agriculture did do a barter business amounting only to about \$20 million. In enacting Public Law 480, however, in 1954, Congress included the barter section which is amended by the bill which has been favorably reported by the Committee on Agriculture.

This section of Public Law 480 added little to the basic barter authority of the Commodity Credit Corporation but established the congressional policy that the Secretary should protect the funds and the assets of the Commodity Credit Corporation by barter. Pursuant to this statement of policy the Department of Agriculture entered with enthusiasm upon a barter program, and through it we have been able to dispose of close to \$1 billion in agricultural surpluses which otherwise would have rotted in warehouses. We have disposed of them for good, hard cash.

Through this program also we have acquired strategic and other important materials which our State Department says we need. We have acquired these strategic materials from friendly nations which otherwise would have gone to unfriendly hands. The strategic materials we have acquired otherwise would have gone into Communist hands were it not for this barter program.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. ANFUSO. I yield.

Mr. H. CARL ANDERSEN. Does the gentleman know of any better place to send our surplus food than into the hands of people who need it?

Mr. ANFUSO. I certainly do not.

Mr. H. CARL ANDERSEN. Mr. Speaker, I appreciate the gentleman from New York [Mr. ANFUSO] yielding in order that I might associate myself with him in defense of the Public Law 480 program.

If time permitted, I would like to go into some detail regarding my own personal observations of the good our food surpluses have accomplished among the hungry and underprivileged people of the world.

Let me just describe two such experiences in the Middle East, an area with which we are painfully familiar these days. The other year, the gentleman from Iowa [Mr. JENSEN] and I were in that area on some official inspections and we saw firsthand what our American food meant to those hungry people.

Just outside Jerusalem, for example, we saw refugee camps containing thousands upon thousands of Arabs who had been displaced from Israel. They were located in a barren and arid region where little or nothing could be produced, and American food meant the difference between life and death.

We know what a trouble spot that is, but I wonder if we have given proper consideration to the difficulties we might have been in long ago if we had not had the foresight to make our surplus food available to them. There can be no doubt about it—our food has made a tremendous difference in that troubled area and I personally believe it has been of far greater significance than any other form of aid. I do not think we have done nearly enough, but at least we have kept people from starving to death and that means a lot to hungry people.

Then, we went into the interior of Pakistan and watched the distribution of American wheat by the local officials. There, under big banners showing the American and Pakistani flags and hands clasped between them in friendship between our nations, we saw village elders doling out the wheat. Never, in all my travels, have I seen people more friendly nor more appreciative of our Nation. We went into areas where the United States was spending millions of dollars on foreign aid, but nowhere did we receive anything like the welcome we got in Pakistan.

Frankly, Mr. Speaker, I believe the Public Law 480 program one of the best we have ever devised. I can think of no better use to make of our blessings of abundance than to share them with less fortunate people—both at home and abroad. I personally believe we can win more lasting friendships with our surplus food than we could ever hope to win with all of our dollars, atom bombs, and armaments. We do need to provide military and economic assistance in some places, but as long as we have the surplus food I personally believe we should make it available wherever hungry people exist on our side of the Iron Curtain.

The Communists may compete with us economically and militarily, but they cannot even get into the race with us when it comes to food for hungry people.



Mr. ANFUSO. There is no question about that. The thing is as simple as this. We have agricultural surpluses which are bulging and rotting in warehouses. Through this barter program we have been able to buy these agricultural surpluses for good, hard cash. In addition thereto we have been able to get almost \$1 billion worth of strategic materials from nations such as Africa, the Belgian Congo, Mexico, Northern Rhodesia, and southwest Africa and nations whose friendship we need in this world of ours today.

Mr. SIMPSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. ANFUSO. I yield.

Mr. SIMPSON of Illinois. Mr. Speaker, I hope the gentleman from New York will explain to us if he has the time the provision of the Certificate of Essentiality that is being bartered around New York City today.

Mr. ANFUSO. I wish I could explain that but it would take entirely too long. But in addition to obtaining the strategic materials, according to the Department of Defense and according to all of our departments, these strategic materials have increased in value to the extent of almost \$45 million. May I say that by disposing of this \$1 billion worth of surpluses we have saved warehouse costs to the extent of almost \$100 million.

Mr. DIXON. Mr. Speaker, will the gentleman yield?

Mr. ANFUSO. I yield.

Mr. DIXON. How does the gentleman interpret this statement, that the Secretary is directed to the maximum extent practical to barter not to exceed \$500 million. Does that require him to barter \$500 million?

Mr. ANFUSO. I will be glad to answer the gentleman's question. We had in the barter program which we passed in 1954 a direction to barter, to have the Secretary of Agriculture barter, and the Secretary of Agriculture did barter, and over a period of 3 years he was able to dispose of through the barter system close to \$1 billion.

The SPEAKER. The time of the gentleman from New York has again expired.

Mr. JUDD. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Speaker, I am not opposed to the continuation of the program under Public Law 480. I am wholeheartedly in favor of the extension of Public Law 480—the Agricultural Trade Development and Assistance Act of 1954.

As I stated previously when the omnibus agricultural bill was considered, I cannot go along with a bill, which, in addition to extending the program, delves deeply into foreign policies and infringes on the jurisdiction of the Committee on Foreign Affairs the Interstate Foreign Commerce Committee and Appropriation Committee, by authorizing the disposal of foreign currencies generated under this program for various and sundry purposes.

The bill before us specifically states that foreign currencies generated under Public Law 480 are to be used, first of all, for the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use.

Second, for the financing of United States participation in trade fairs and in related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act.

Third, for scientific and technical research programs, acquisition of foreign technical and scientific books and periodicals, for reproduction, translating, dissemination of books, and for other purposes.

Fourth, for the financing of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act.

Fifth, for providing assistance in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States. This, in effect, is Federal aid to schools abroad whether they be public or private.

Clearly, these various programs do not fall under the jurisdiction of the Committee on Agriculture, which reported the bill before us.

I fully acknowledge the authority of the Committee on Agriculture to determine the amount of surplus farm commodities to be disposed of under the Public Law 480 program. This determination is entirely within their jurisdiction.

However, the disbursal of foreign currencies generated by this program is an entirely different matter. The utilization of these funds involves foreign policy considerations. The decision as to how these funds are to be used must be made by the proper committee—in this case, by the Committee on Foreign Affairs.

It is for these reasons that I must object to the bill before us. I am ready to support legislation providing for a simple extension of Public Law 480. I have made my position on this issue clear some time ago, when I expressed the hope that the Committee on Agriculture would report such a simple extension measure. This, unfortunately, was not done. The rules should not be suspended. The proposals in this measure should be fully debated and the House be given an opportunity to work its will by considering amendments. Under the present legislative procedure on a take-it-or-leave-it basis is undemocratic, and unwise. I hope the far-reaching proposals contained in this legislation will not be accepted as riders to a sound and tried program as authorized under Public Law 480. I hope the motion will not prevail.

Mr. JUDD. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. Mr. Speaker, it has been my purpose to support Public Law 480. Coming from an agricultural district, I agree with the basic units, but when it has been pointed out the uses authorized by this legislation, even though covered by an appropriation act, for the use of foreign countries, to pro-

vide grants and assistance for the operation and expansion of those schools, vocational, professional, scientific, and technological, having in the past as I have constantly voted against Federal aid for education in this country, I cannot vote for legislation to provide the use of Federal funds abroad if we are not going to do it in this country.

Mr. ANFUSO. Mr. Speaker, will the gentleman yield?

Mr. BENTLEY. I yield.

Mr. ANFUSO. Both Senators FULBRIGHT and HUMPHREY have asked for this sort of legislation. We are not concerned with what language you take. You can take the Senate version, if you like.

Mr. BENTLEY. It is practically the same thing.

The SPEAKER. The time of the gentleman from Michigan [Mr. BENTLEY] has expired.

Mr. JUDD. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. HOEVEN].

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Speaker, Public Law 480 expired on the 30th day of June 1958. It should have been extended long ago. You will recall it was part of the omnibus bill on which a rule failed a few weeks ago. Many of us urged at that time that the extension of Public Law 480 be considered separately and that it be taken out of the omnibus bill.

Public Law 480 is now before you. It is not entirely to our liking but it is the best we can do under the parliamentary situation. I prefer the Senate version which does not contain the barter provision. However, the bill will go to conference and we hope to iron out our difficulties there.

Public Law 480 for the orderly disposal of surplus agricultural commodities is legislation which has proven to be of great benefit to the American farmers. It permits the United States to sell agricultural surpluses to friendly countries with payment being received in the currency of the importing country. In a nutshell, the program bridges the gap between agricultural abundance in our own country and a shortage of dollars in foreign lands.

Public Law 480 is one of the best methods we have devised for the disposal of our surplus agricultural commodities. It is a successful program which has proved to be useful far beyond our original expectations. From the beginning of the title I program in July 1954 through May 31, 1958, more than 100 agreements have been signed with 35 friendly countries. The value of agricultural commodities provided for in the agreements totals well over \$3.8 billion. The increase in title I shipments from year to year have been one of the major factors leading to the rise in our total agricultural exports. For instance, in 1954-55, our agricultural exports had a market value of \$3.1 billion. Title I shipments accounted for 3 percent of that total. In 1955-56, agricultural exports rose to \$3.5 billion, title I accounting for 12 percent of the total. In 1956-



57, agricultural exports rose to an all-time high of \$4.7 billion with title I shipments making up about 20 percent of the total, or approximately \$900 million. This year our farm exports are expected to reach at least \$4 billion of which about 16 percent will move under title I.

Public Law 480 has accomplished many things. It has been the major reason for the increase in United States agricultural exports and the resultant decrease in our agricultural surpluses. It has increased incomes of our farmers by hundreds of millions of dollars. It has improved the relations of the United States with many countries of the world. It is making a significant contribution to the economic development of many countries through the use of foreign currency proceeds. It has resulted in the exportation of many millions of dollars' worth of surplus commodities at a relatively small additional cost. Furthermore, it has pointed out the superiority of the West over the East in ability to produce food; this is a tremendous advantage to the West in the cold-hot war in which we are now engaged.

It is highly essential that Public Law 480 be extended without further delay. In fact, it has already been too long delayed. Each day's delay in extending the program hurts the export markets of the American farmer. A balance of only \$30 million remains under title I, which sum is being held for contingency use in connection with agreements already negotiated and, hence, is not available for new commitments. On the other hand, there is a backlog of requests from friendly countries which total over \$600 million, including wheat, feed grains, cotton, soybean oil, tobacco, rice, and dairy products.

Time is of the essence and this legislation should be enacted without delay.

Mr. COOLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. SPRINGER].

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. SPRINGER. Mr. Speaker, Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, or, as more popularly known, "The Surplus Agricultural Disposal Act," is the most far-reaching and helpful legislation that has been devised in my time in this Congress for real assistance to the farmer. In 1954 when this act was passed, I, together with the gentlemen from Texas [Mr. POAGE and Mr. BURLESON], the gentleman from Minnesota [Mr. Judd], and the gentleman from Nebraska [Mr. HARRISON], introduced identical bills. The passage of this law resulted in what is now popularly known as Public Law 480.

I am happy to have been an instrument in the passage of such important legislation for the farm population of this country. For many years we had been burdened with unparalleled surpluses. We devised this legislation to sell these surpluses overseas to foreign countries and to take in return therefor native currencies.

This was pioneer legislation in the field of foreign agricultural exports. Never before in our history had there been a

plan to sell American agricultural produce and take other than American dollars. Most of the countries which wanted to buy our surplus agricultural products did not have dollars. This plan took that into consideration and today we are selling our agricultural produce to over 20 nations and taking in return currency of that country.

Now that the program has had 4 years in which to operate, what have been the practical results of this law over a 4-year period?

During these years we have sold over \$4 billion worth of surpluses to friendly countries under the provisions I have just mentioned. Besides contributing to the reduction of surplus stocks in this country, the program has proved valuable in promoting agricultural market development, making loans to private United States and foreign business firms for economic development projects, and expanding other United States surplus agricultural disposal programs.

Also, as a result of this program, our investment in price-supported commodities declined almost a billion dollars with the principal reductions being in wheat, cotton, corn, and rice—and also non-supported soybeans and soybean oil.

#### WHEAT

Last year we exported almost as much wheat as we consumed domestically in an entire year. About 200 million bushels of this total was disposed of under Public Law 480. These record shipments resulted in a reduction of more than 100 million bushels in Commodity Credit surplus.

#### SOYBEAN OIL AND COTTONSEED OIL

Exports of soybean oil and cottonseed oil have established new record levels during the past 3 years. In each of the past 3 years the major reason for the increase was shipments under this law. Last year, for example, we exported nearly 1.4 billion pounds of these oils. Almost 50 percent of this total moved under Public Law 480. This program can certainly be given credit for keeping soybeans out of price-support trouble.

#### HOW FARMERS BENEFIT—\$600 MILLION ADDED TO INCOME

National farm income has been increased by more than \$600 million in the last 3 years as a result of greater exports through the Public Law 480 program.

At the request of the committee, the Department of Agriculture put a task force to work to determine the effects of the program on farm prices and income. The analysis was based on the effects of moving a little more than \$2 billion worth of commodities under title I. Major findings were:

The 1956 average farm price of wheat was increased by about 9 cents a bushel. The increase in 1957 may be about the same.

Title I exports raised the farm price for the 1955 crop of rice by 19 cents a hundredweight. The 1957 crop should move at prices at least 27 cents a hundredweight higher than with no program. There was little price effect in 1954 or 1956.

The program raised the average farm price of corn by 1 cent a bushel in both

1956 and 1957, says USDA. The barley crops for the same 2 years were 1 to 2 cents a bushel higher.

The farm price for cotton from the 1957 crop was estimated to be about three-fourths of a cent a pound higher than it would have been without a program. This was based on 1957 price support being three-fourths cent above 75 percent of parity. Actual 1957 cotton support is a little more than 1 cent higher. There were no price effects on cotton in 1955 or 1956.

Prices of lard and edible tallow were increased by 1 cent a pound in 1955, and 2 cents in 1956.

The prices of cottonseed and soybean oils were raised by 1½ to 2 cents a pound in 1955, and by about 2 cents a pound in 1956.

With no program, the 1955 and 1956 crops of soybeans would have been marketed at support levels. Because of the program, soybeans were 15 cents a bushel higher than support in 1955, and 7 cents a bushel higher in 1956.

Prices to farmers for the 1955 and 1956 crops of cottonseed were about \$2.60 and \$9.50 per ton above support. With no program they would have been at support level in 1955, and somewhat above support in 1956.

The task force estimated that cash receipts from the sale of farm products "may have been increased by around \$170 million in 1955-56, by around \$245 million in 1956-57, and by around \$230 million in 1957-58, as the result of exports under title I."

And if I may be pardoned for citing the farmers of my own congressional district as examples, I would like to point out how Public Law 480 benefits them individually.

First of all, we are one of the richest commercial grain producing areas in the United States, if not the world. We produce 5½ percent of all the soybeans grown in the United States, 1.7 percent of all the commercial corn grown. Now, using these figures as a base, and projecting them into the field of Public Law 480 exports, we find that 5½ percent of all soybean exports amounted to some \$10,780,000 last year, and 1.7 percent of corn sold under this program amounted to nearly \$6 million. On this basis, combined income for the farmers of the eight counties I represent from Public Law 480 shipments abroad amounted to nearly \$17 million. If you'll pardon the pun—"that ain't hay."

Translated into per-family income, it amounts to about 8 percent, or just about \$800 a year per family for the 22,000 farmers in the area.

Although this is the purely narrow, or selfish approach, it is an approach without which I am sure Public Law 480 would never have been passed originally and could not be passed today.

But as I have indicated, Public Law 480 is more than a purely selfish approach to the farm problem. It places farmers in the forefront of our fight for world freedom and our fight for world peace.

It must be emphasized here, and it must be drummed home everywhere, that although the United States today is



the abundant producer of farm commodities, it does not stand alone in this field. The Soviet Union is fast approaching; the Russians have massive areas of land as yet untouched, but capable of producing great quantities of food and fiber.

And lest any here doubt that the Russians feel competition in this field is important, let me recall for them the emphasis Khrushchev placed on it during his now-famous television interview. "The Soviet Union," he said, "will not only outproduce the United States in its total farm output, but on a per capita basis as well. That," he said, "is the goal."

Now, with half the world's people lying down at night with empty stomachs, it becomes obvious why Khrushchev so desperately wishes to compete with the United States in the field of agricultural production.

It is part of the overall Soviet foreign policy.

In fact, Soviet success in this area would be of vastly greater importance to the Communist world than any number of sputniks or any reaching into space. A man whose stomach is empty is not very interested in Mars, whether it be the planet or the god of war. Marx, when accompanied by bread and meat, becomes much more palatable to the peoples of Asia and Africa who hunger less for ideas than they do for food.

The United States now stands far in the lead in this all-important area of farm production. We are one of the few nations in the world capable of producing more than we eat or wear. We also have developed the method and techniques of moving these goods to the world's markets. And this, without endangering our own food supply or our own standard of living.

The extension of Public Law 480 has the unique advantage of being of benefit to our farmers at home, to the Nation as a whole in that it is an integral part of our foreign policy, and to those abroad who are making use of our abundance which otherwise would rot or decay.

These, then, are the reasons why I support the extension of Public Law 480. These, I believe, are sound reasons, and reasons why each Member of the House should also support the legislation, whether there are farmers in his district or not.

Mr. JUDD. Mr. Speaker, I yield 1 minute to the gentlewoman from Missouri [Mrs. SULLIVAN].

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

PUBLIC LAW 480 IS A FOOD STAMP PLAN FOR THE REST OF THE WORLD—WHY NOT ONE FOR UNITED STATES NEEDY?

Mrs. SULLIVAN. Mr. Speaker, there is no crisis, no emergency, that justifies calling up this bill under suspension of the rules—under very unusual procedures forcing the House to accept this bill or reject it as is without any opportunity to amend it. This bill is incomplete. It fails to include any provision directing the Secretary of Agriculture to institute and operate a food stamp plan for the distribution of surplus

commodities to needy persons in the United States.

A majority of the members of the Committee on Agriculture voted for such a food stamp proposal several weeks ago. They voted to make it a part of the omnibus agriculture bill. I think it is only fair to point out that when the food stamp amendment was subsequently dropped out of the omnibus bill, many Democratic Members from urban districts voted against the rule to take up the agriculture bill. They provided the margin by which the agriculture bill rule was rejected.

OMNIBUS FARM BILL LOST BECAUSE OF URBAN DISSATISFACTION

I voted for the rule on the omnibus bill and urged other members to do the same. But I am frank to say that it was my intention to vote against passage of the agriculture bill if we did not amend it on the floor to include a workable and effective food stamp plan. And as many of the members on the Committee on Agriculture know, I had in my possession pledges from a sizable number of Democratic Members from city districts—from urban areas of substantial unemployment—that they would go along with me on this strategy.

From all this, it is obvious that the absence of a food-stamp plan was one of the major causes for the failure of the catch-all farm bill to pass the House last month.

Now, just one part of that omnibus bill is before the House for consideration—that one part of the bill desperately desired by Secretary of Agriculture Benson. It is brought before us under these unusual circumstances with no amendments permitted. I cannot go along with this procedure. I want to make my position clear—make it completely clear that we on the Democratic side of the aisle who recognize the urgent and desperate need for a better method of distribution of surplus food to our needy have been made in this instance the victims of a parliamentary strategy which is unfair to the people we represent.

FOOD-STAMP PLAN URGENTLY NEEDED IN THIS COUNTRY

I am not against the Agricultural Trade Development and Assistance Act of 1954 which this bill now before us would extend for another year. Back on June 15, 1954, when the original act came before us in the House I endorsed the idea of using our surpluses to help other nations and to help their economies as a form of foreign aid, and I also approved, as far as they went, the provisions of the bill for permitting donation of surplus foods to the needy in this country. But as I pointed out 4 years ago when this act was originally passed, and as I have been pointing out year by year each time this act is renewed, if we are to make sure the people in this country who really need this surplus food are to get some of it, then we must direct the Secretary of Agriculture to institute a food-stamp plan.

He has the authority to put such a plan in operation any time he should decide to do so. There is no doubt as

to the existence of such authority. But Mr. Benson refuses to exercise it. That is why it is necessary for the Congress not merely to authorize the establishment of a food-stamp plan but to direct the establishment of such plan. The majority of the members on the Committee on Agriculture went on record not so long ago as agreeing with that principle. The Republican members of the Committee on Agriculture, echoing the views of the Secretary of Agriculture, have bitterly and unanimously opposed a food-stamp plan even to the point of walking out of a committee meeting to try to prevent the taking of a vote on this issue.

MR. BENSON GETS LEGISLATION HE DEMANDS

Brave words were heard here in the House not so long ago that the Committee on Agriculture was not going to be panicked into hasty action in extending Public Law 480—the Trade Development and Assistance Act—merely because Secretary Benson was wringing his hands over the fact that some of the foreign giveaway provisions of the bill would be suspended temporarily unless the act were extended by July 1. Why then this sudden rush to reenact it under suspension of the rules? What about the other provisions of the omnibus agriculture bill which were supposed to be so vital to farm prosperity?

I have been struck, Mr. Speaker, by the fact that time after time Democratic Members of the House familiar with agricultural problems denounce Secretary Benson for having ruined agriculture in the United States, for bankrupting the farmer, for causing unmanageable surpluses, for forcing so many farm families to give up their farms, for liquidating the family-sized farm—all these things we hear time after time from our colleagues from the farm areas—but it seems to me that every time Mr. Benson cries hard enough about the need for some bill, the Congress falls all over itself giving him what he asks for. Oh, not in every detail, of course. But by and large Mr. Benson does exceptionally well in getting the legislation he requests.

Now I am not against the farmer. I have voted for nearly every bill brought before us in the past 6 years intended really to help the farmer. We in the cities know that the farms constitute one of our most important markets for industrial products. We know that full employment in the cities requires prosperity on the farms as well. I am not trying to make an antifarm speech. I am even willing to see Mr. Benson work overtime at dumping surplus commodities overseas either as giveaways to the poor of other countries or as a special form of aid to friendly governments. Recently he was going to go into the Soviet Union to see how much of our surplus food he can give away there.

COST OF SURPLUS DISPOSAL TO UNITED STATES NEEDY SMALL COMPARED TO FOREIGN DISPOSAL COSTS

Why is he so absolutely and uncompromisingly opposed to distributing some of this food to all of the millions of Americans on old-age assistance, on



aid to dependent children, or aid to the blind, or aid to the disabled, or to the great number of Americans on State or local public welfare? Does he not realize that these people are truly not getting enough to eat? He says a food stamp plan is costly and burdensome on the Department of Agriculture. This is nonsense. We spend hundreds of millions, and billions of dollars, to give this food away abroad. We can well afford the modest cost of establishing an intelligent method of distributing it in the United States in place of the hit-and-miss program now in effect in many of our cities.

I realize there is no sense in calling upon Mr. Benson to change his mind. But I cannot understand why the Congress continues to permit this tragic situation to continue. Let the Republicans continue to oppose a food-stamp plan—let every one of them vote against it. But I say give the Democrats a chance to vote for this plan. We do not need it as a political issue and I do not put it forward as a political issue even though it is a plank in our platform. I put it forward because I think our country needs it.

#### INFLATION IN LIVING COSTS TRAGIC FOR PEOPLE ON WELFARE

We all know what has happened to the cost of living since 1953 when this administration took office. Representatives from farm areas complain bitterly that prices to the farmers have fallen drastically causing widespread distress among farm operators. But while prices to the farmers fell, prices to the city consumers rose just as drastically. Prices rose over 3 percent in the past year alone. Think of that. Just think of what that does to the people on public assistance trying to keep body and soul together on so little.

I think it is a terrible mistake to give Mr. Benson Public Law 480 which he wants so desperately without at the same time insisting that he institute a food-stamp plan for our own needy. Public Law 480 is, in effect, a food-stamp plan for the needy of the whole world—except for the old-age pensioner in Missouri, or the dependent child in North Carolina, or the disabled man or woman in Nebraska, or the blind person in South Carolina, or the family on public assistance in Louisiana. The needy of Ceylon or Thailand or Italy or Yugoslavia or Spain, or any other country it seems, become of more concern to Secretary Benson and to this administration than the needy of our own country. And this I object to.

#### COSTS OF PUBLIC LAW 480, FOREIGN CHARITY

By no stretch of the imagination, Mr. Speaker, am I against the programs in Public Law 480 to help feed the needy of other countries. I applaud the religious groups and other humanitarian groups which have joined in helping to operate the programs under Title III of Public Law 480, under which we have been spending from \$200 million to \$300 million of United States Government funds a year to help feed the needy in 84 or 85 different countries, plus \$50 million in ocean transportation costs.

Also, I can see the good sense in the huge donations of food we have made to various foreign governments under title II of the act—donations of food to be used for famine relief or flood relief or in other disaster situations. We have spent a half-billion dollars of United States Government funds on that program. These are outright gifts of food to the countries which have had disasters of various kinds, to help them feed the victims.

In addition, there is the tremendous title I program under Public Law 480, under which we have given altogether about \$4 billion in surplus agricultural commodities to foreign nations in return for their currency—most of which has then been lent back to them for their own economic development.

I repeat, Mr. Speaker, there is nothing wicked about any of these programs—they help to feed the hungry out of our own superabundance of food. They have helped to defeat the ambitions of the Communists in many free nations, as well as bringing better diets to the children of those lands. Why, then, is it considered wicked by Mr. Benson and the President to provide a real supplementary food program for the nearly 7 million persons in this country on various forms of public assistance—persons we know definitely are not getting enough of the right foods?

#### MOST AMERICANS ON RELIEF DO NOT RECEIVE SURPLUS FOOD

For instance, Mr. Speaker, although Mr. Benson makes much of the fact in his propaganda against a food stamp plan that about four and a half million Americans are now receiving periodic donations of surplus food, he does not point out that about five million persons on various forms of public assistance in the United States are not getting any of this food.

In other words, among the people who do receive occasional gifts of surplus food, the individuals on various forms of public assistance make up a distinct minority—less than 2 million. In St. Louis, for example, although we now have a program for distribution of surplus food parcels to those in desperate need because of the recession, our city has not been able to afford to include so far any persons receiving public assistance. Yet we all know that the relief grants these people receive are far from adequate to assure even a minimum diet.

#### ALABAMA, FLORIDA, CALIFORNIA GOOD EXAMPLES

Let us look at some of the States in this respect:

Alabama has 207,000 on various forms of public assistance; less than a fourth of them receive any surplus food.

California has more than 600,000 on various forms of public assistance; the latest figures I have show less than 5,000 of these were receiving surplus food.

Florida has 185,000 on public assistance—that is, old age assistance, aid to dependent children, aid to the blind, aid to the disabled, plus those on general assistance. Not a single one of the 185,000 obviously needy persons receives any surplus food.

#### GEORGIA, ILLINOIS, LOUISIANA, OREGON, THE CAROLINAS

Let us look at a few similar examples:

Georgia has 180,000 persons on public assistance—most of them, I am sure, not enjoying an adequate diet. Of these 180,000, about 1,500 have been receiving free food—surplus food—under Mr. Benson's distribution program.

Illinois has 333,000 on the relief roles, of whom only 65,000 get surplus food—they happen to be located in those areas of the State where localities have undertaken the burden of distribution. In Missouri, we have 244,000 on relief, but not 1 of our relief people gets any of this food—or did not at the time the latest figures were compiled by the Department of Agriculture.

Louisiana has a situation similar to ours in Missouri—they have 250,000 on public assistance, but no surplus food goes to relief beneficiaries in Louisiana. Nebraska, with 35,000 on public assistance, has no surplus food distribution program for those particular people.

Oregon, with 58,000 on public assistance, is not getting any surplus food for its people on relief.

Of the 178,000 on public assistance in North Carolina, none gets surplus food. Of the 85,000 on public assistance in South Carolina, none gets surplus food.

#### TEXAS, WISCONSIN, VIRGINIA SHOW SIMILAR SITUATIONS

Thus, the present distribution program is no substitute for a food-stamp plan. It is not reaching the majority of those who desperately need the help of a supplementary food program.

Mr. Speaker, I could take almost all of the States in turn and show a glaring difference between the number of those on various forms of public assistance and the number of such persons benefiting under the present surplus food distribution program.

In Texas, with 367,000 on various forms of public assistance, only 31,000 of these poor people are getting any of the surplus food. In Wisconsin, there are 107,000 on relief; only 3,000 of them get surplus food. In Virginia, there are 66,000 on relief; less than a tenth of them receive free food under the distribution program operated by the present administration.

These figures are a shocking indictment of the inadequacy of the present program. They prove the need for a food stamp plan.

#### FIGURES ARE LATEST BREAKDOWNS

Because of the significance of these figures, Mr. Speaker, I am including a detailed breakdown as exhibit I at the end of my remarks. It shows the number of persons in each State on old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled—the four programs operated by the States with matching funds from the Social Security Administration—and also those on general assistance, for which no Federal money is provided. These figures on public assistance—the latest available—came from the Department of Health, Education, and Welfare and represents exact totals for many of the



States as of the most recent count, and in the case of some States, figures which include merely estimates of the number on general assistance.

Alongside of that tabulation, and as a part of it, I have prepared a column based on the latest figures from the Department of Agriculture showing the number of persons on public assistance in each State who are, or have recently been, receiving donations of some of the surplus food.

#### DISPARITY IS AMAZING

The totals show:

Nearly 2½ million persons on old-age assistance; more than 2½ million persons on aid to dependent children; more than 100,000 on aid to the blind; more than 300,000 on aid to the permanently and totally disabled; and an estimated 1,313,000 on general assistance. Thus, the total of all persons on various forms of public assistance is 6,873,737, of whom only 1,881,655 receive surplus food. Is this not an amazing disparity?

Does that indicate we do not need a food-stamp plan? Or does it prove we do? I am convinced it proves we do need one. I know that the Committee on Agriculture of this House—the Democratic Members of it, at least—was so convinced and so voted just a few weeks ago. Such a food-stamp plan belongs as part of this bill before us—the bill to extend Public Law 480 which I have characterized as a food-stamp plan for the rest of the world. But because this bill does not include a food-stamp plan for our needy Americans, I cannot support it, and I certainly cannot accept the manner in which it has been brought before us today—under suspension of the rules, with no amendments or changes permitted, on a take-it-or-leave-it basis. I believe fairness dictates giving us an opportunity to vote on a food-stamp plan as part of this bill.

#### CITY NEEDS MUST BE CONSIDERED IN FARM LEGISLATION

Mr. Speaker, I feel justified in making my position clear that we in the cities have millions of constituents who desperately need the kind of help which a food-stamp plan would provide. We are not going to vote for farm legislation that does not recognize the close relationship between the needs of the farmers and the needs of the city consumers. They are interdependent. The farmers are not doing well largely because consumers cannot afford to buy in sufficient quantity—particularly the consumers on public assistance, the unemployed, the very poor, millions of them.

If we can use some of our vast stores of food to help these people to eat better and thus to live better, the farmer will certainly benefit. This should be obvious even to Mr. Benson and to the Republican Members of the House who have echoed his views on this issue.

In conclusion, Mr. Speaker, I want to say that when it comes to agricultural legislation—particularly as it might help the city consumer as well as the farmer—it is hard for me to realize this is supposed to be a Democratic Congress, for on farm matters, as often as he is criticized and denounced for his policies here

in the Congress, Mr. Benson continues to get his way—as witness the frantic

manner in which we are now being asked to pass his beloved Public Law 480.

EXHIBIT 1.—Number of persons on various forms of public assistance in each State, and number of such persons receiving donations of surplus food under present distribution program

	On old-age assistance	On aid to dependent children	On aid to blind	On aid to disabled	On general assistance	Total on various forms of assistance	Total on public assistance receiving surplus food
Total.....	2,460,035	2,687,930	107,900	304,872	<sup>12</sup> 1,313,000	<sup>12</sup> 6,873,737	1,881,655
Alabama.....	102,233	90,232	1,683	12,630	350	207,128	46,780
Alaska.....	1,542	4,322	90	—	456	6,410	—
Arizona.....	14,075	22,731	802	—	8,616	46,224	2,135
Arkansas.....	55,569	32,295	2,011	5,772	1,222	97,869	90,713
California.....	266,166	221,366	13,752	2,481	117,761	621,526	4,388
Colorado.....	52,253	25,801	327	5,449	8,950	92,780	6,689
Connecticut.....	15,120	20,089	307	2,073	20,519	58,108	830
Delaware.....	1,544	6,155	265	295	5,097	13,356	—
District of Columbia.....	3,109	13,049	237	2,432	1,164	19,991	17,088
Florida.....	69,155	88,421	2,507	6,268	<sup>1</sup> 18,750	<sup>1</sup> 185,101	—
Georgia.....	97,895	58,363	3,485	14,945	6,916	181,604	1,434
Hawaii.....	1,535	10,762	82	1,119	2,821	16,319	—
Idaho.....	8,059	6,946	177	934	(3)	<sup>2</sup> 16,116	—
Illinois.....	82,309	118,771	3,240	15,639	113,819	333,828	64,502
Indiana.....	30,759	36,935	1,819	—	91,292	160,805	36,363
Iowa.....	37,307	29,000	1,457	—	11,749	79,513	36,112
Kansas.....	31,038	20,037	624	4,302	<sup>1</sup> 6,028	<sup>1</sup> 62,029	9,640
Kentucky.....	57,538	73,140	3,258	7,150	8,791	149,877	59,585
Louisiana.....	124,117	98,270	2,454	14,830	11,071	250,742	—
Maine.....	12,220	18,094	469	1,313	12,190	44,286	18,475
Maryland.....	9,689	30,355	458	5,035	4,467	50,004	23,169
Massachusetts.....	85,086	45,615	2,015	9,486	25,851	168,053	1,774
Michigan.....	67,003	82,918	1,777	3,388	161,569	316,655	174,600
Minnesota.....	48,620	29,917	1,122	1,857	27,916	109,432	13,888
Mississippi.....	80,937	61,740	5,318	6,252	1,231	155,528	141,766
Missouri.....	123,442	89,706	5,093	14,942	11,230	244,413	—
Montana.....	7,981	7,730	399	1,453	6,262	23,825	57
Nebraska.....	16,496	11,169	967	1,405	4,904	34,941	—
Nevada.....	2,588	2,830	146	—	<sup>12</sup> 2,000	<sup>12</sup> 7,564	790
New Hampshire.....	5,328	3,876	242	329	5,317	15,092	3,921
New Jersey.....	19,206	29,058	899	5,040	42,009	96,212	11,534
New Mexico.....	10,228	25,620	391	1,989	994	39,222	24,223
New York.....	89,298	246,691	4,214	38,831	129,602	508,636	186,810
North Carolina.....	50,760	97,109	4,945	16,929	9,962	178,705	—
North Dakota.....	7,609	6,350	111	1,032	2,577	17,679	997
Ohio.....	90,863	80,891	3,693	9,272	160,461	345,180	41,389
Oklahoma.....	93,516	57,200	1,893	8,158	<sup>1</sup> 19,918	<sup>1</sup> 180,685	101,581
Oregon.....	17,934	18,448	304	4,210	<sup>1</sup> 17,175	<sup>1</sup> 58,071	—
Pennsylvania.....	49,127	150,670	17,476	14,984	69,763	302,020	191,474
Puerto Rico.....	41,612	173,214	1,834	20,842	1,620	239,222	369,138
Rhode Island.....	7,237	16,095	132	2,254	10,174	35,922	8,417
South Carolina.....	35,675	37,054	1,776	7,738	3,035	85,278	—
South Dakota.....	9,766	10,405	179	975	2,620	23,945	8,101
Tennessee.....	57,026	73,046	2,908	5,259	8,741	146,980	41,515
Texas.....	224,826	108,253	6,004	2,150	<sup>12</sup> 26,500	<sup>12</sup> 367,733	31,135
Utah.....	8,712	11,289	223	1,916	6,242	28,382	16,448
Vermont.....	6,157	3,875	136	679	<sup>13</sup> 3,875	<sup>13</sup> 14,722	3,468
Virgin Islands.....	619	836	22	100	140	1,717	—
Virginia.....	15,587	36,756	1,212	5,553	<sup>17</sup> 17,008	<sup>16</sup> 166,111	6,453
Washington.....	55,287	30,720	767	5,761	37,076	138,611	4,335
West Virginia.....	21,456	72,322	1,094	7,571	6,468	108,911	73,067
Wisconsin.....	38,147	29,816	1,039	1,255	36,873	107,130	3,205
Wyoming.....	3,674	2,577	65	515	1,951	8,782	3,666

<sup>1</sup> Includes estimated number of persons on general assistance based on number of cases reported.

<sup>2</sup> Excludes any estimate of number of persons on general assistance in Idaho.

<sup>3</sup> No estimate.

Mr. JUDD. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD on the bill we are now considering.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. LAIRD. Mr. Speaker, Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, was enacted by the 83d Republican Congress in July of 1954 with strong bipartisan support. The bill which was aimed at putting our mounting agricultural surpluses to constructive use abroad had four major purposes:

First. It authorized the sale of commodities to friendly countries for their own currencies. This enabled us to open up markets in many countries of the world, particularly underdeveloped nations, which desired to buy our com-

modities but which were short of the necessary foreign exchange.

Second. It authorized the use of Commodity Credit Corporation surpluses in meeting emergency relief needs abroad such as the victims of floods and earthquakes.

Third. It gave emphasis to the barter program under which surpluses are exchanged for strategic materials. In other words, it provided for the exchange of farm surpluses for foreign-produced critical materials which would be useful in the event of international emergency.

Fourth. It encouraged the use of surpluses by American private relief and church agencies to help feed needy persons abroad on a continuing basis.

#### OVERALL RESULTS OF TITLE I, PUBLIC LAW 480

Operations under the law have grown rapidly in volume. Agreements were signed during the first year the law was effective, 1954-55, totaling \$475 million at CCC cost and \$357 million at export



market value. In 1955-56, new agreements were signed in the amount of \$976 million at CCC cost and \$683 million at export value. In 1956-57, agreements totaled \$1.5 billion at CCC cost and over \$1 billion market value. In 1957-58, with a reduced authorization, agreements totaled over \$1 billion at CCC cost and \$748 million market value.

Included in signed agreements are: Wheat, 616 million bushels; feed grains, 162 million bushels; rice, 28 million hundredweight; tobacco, 202 million pounds; cotton, 3.2 million bales; fats and oils, 2.4 billion pounds.

Mr. Speaker, I think it would be useful to clarify one point—that is, the difference between CCC costs and export-market value. As you know, the fund limitation in the law is in terms of CCC costs. This means that the authorization is charged the full cost of any commodities supplied under the program. Such costs include the cost of acquisition and carrying charges of price-support commodities, processing, transportation, and handling charges. Thus, during 1955-56 a bushel of wheat delivered to port resulted in an average charge of about \$3.30 to the authorization. The foreign buyer paid about \$1.65 a bushel which was the prevailing export price and this was the amount he was required to pay in his own currency. In general, to date the authorization has been charged \$4 for every \$3 worth of commodities purchased by foreign buyers.

Looking at results another way, exports in 1954-55 were small totaling about \$73 million at export value or about 2 percent of total agricultural exports. In 1955-56, title I shipments jumped to \$440 million which was 12 percent of agricultural exports. In 1956-57, title I exports totaled \$900 million or nearly 20 percent of the record year for United States farm exports of \$4.7 billion. This is solid evidence of the contribution the title I program has made and is continuing to make to the export outlook.

The authorization expired June 30, 1958. Agreements have been signed for \$4 billion at CCC cost. That is why action should be taken promptly on the administration's request for additional funds. I understand that new requests have been received which cannot be considered until new funds are made available.

Very briefly, it appears that the title I program has had the following major commodity effects:

**Dairy products:** Dairy products sales for foreign currency under Title I of Public Law 480, are helping us keep the commodities—butter, cheese, nonfat dried milk—under the price-support program down to a current basis. During the first 11 months of the 1957-58 year, exports under title I included about 45 million pounds of nonfat dry milk, 20 million pounds of butter, and 7 million pounds of cheese. And the outlook for next year is much more promising than this year. USDA is now able to take care of the surpluses on a seasonal basis so that it can dispose of prac-

tically everything acquired by CCC under the price-support program.

**Wheat:** Wheat has been one of our greatest surplus problems. Stocks in Government hands increased in each of the 5 years prior to last year; last year, however, wheat exports reached the record high of 550 million bushels. In other words, last year we exported almost as much wheat as we consume domestically in an entire year. About 200 million bushels of this total moved against sales for foreign currencies under the title I program. The record shipment resulted in a reduction of about 125 million bushels in the carryover of wheat. It is expected that exports this year will be about 400 million bushels; in order to achieve this total more than 40 percent is being moved under title I.

**Soybean oil and cottonseed oil:** Exports of soybean oil and cottonseed oil have established new record levels during the past 3 years and will continue high this season. In each of the 3 years the major reason for the increase was shipments made under the title I foreign currency program. Last year, for example, we exported nearly 1.4 billion pounds of these oils. Almost 50 percent of the total moved under the title I program. The title I program has been helpful in keeping soybeans out of price support trouble. Despite a record harvest this year, the impact on the market has been relatively mild. Although the carryover of soybeans by CCC is expected to be larger than last year, the carryover will be only a small percentage of the crop.

**Cotton:** The major reason that our cotton exports expanded so markedly in 1956-57 was the stability and confidence given to world markets by the CCC export program. Exports last year reached 7.6 million bales, the highest total in a quarter of a century; nearly 20 percent moved under the title I program. The expanded exports have made possible a reduction in CCC cotton stocks for the first time in 6 years. Instead of adding to the existing surplus carryover, stocks this past season were reduced by more than 3 million bales. Additional reductions will be made this year with total cotton exports expected to remain relatively high at about 5.7 million bales. About 15 percent will be moved under title I.

**Rice:** A substantial reduction in surplus stocks of rice resulted from a record export year in 1956-57 which totaled about 26 million bags, of which 18 million bags moved under foreign currency sales. The title I shipments went to India, Korea, Pakistan, and Indonesia where increases in consumption would be obtained without affecting world markets. These movements have disposed of surpluses which had accumulated since the 1953 crop and have greatly improved domestic marketing conditions.

#### HOW TITLE I, PUBLIC LAW 480 FOREIGN CURRENCIES ARE USED

Commodities are sold under title I of Public Law 480 for foreign currencies. The \$4 billion current authorization will result in payments of nearly \$3 billion. The \$1 billion difference reflects the cost

of commodities to the Government under the price support program and the lower world market prices at which commodities are sold for foreign currency.

In round figures, about one-fourth of the \$3 billion total will be used to meet United States expenses abroad. This use will return dollars to the Commodity Credit Corporation. Examples of such use are the construction of United States military bases in Spain and Turkey, and the construction of housing for United States military personnel and their dependents in the United Kingdom. About one-tenth will be given to our allies as defense support to strengthen their military forces. These funds are being used in the same way as foreign aid defense support funds, and certainly they should cut down on the amount of foreign aid dollars that have to be appropriated for this purpose.

About 6 percent of the \$3 billion will be used for a variety of purposes including the purchase of strategic materials for the United States national stockpile; the purchase of goods for other friendly countries; grants for economic development; the international educational exchange program; translation and publication of books and other literature; and for help to American-sponsored schools abroad.

Somewhat less than 2 percent of the total will be used by the Department of Agriculture to develop longer time commercial markets for agricultural commodities abroad. This program clearly supplements the regular market development work carried on by the Department. These activities are conducted in cooperation with United States trade associations and they give promise of helping boost commercial exports long after the Public Law 480 program has ended.

The largest part of the currency, half the total, will be loaned to participating countries for economic development. There is no question that these loans should help to reduce the amount that the Congress appropriates for the foreign-aid program. And certainly it makes sense to use our surpluses as capital to help in the development of other friendly countries. As their economies expand, they will be better commercial customers for our farm products.

Mr. Speaker, I would like to point out that many people have referred to title I as a giveaway program. This is not true. Many of the countries receiving loans of foreign currency under title I are also receiving loans, primarily for the import of American industrial materials, from either the Export-Import Bank or the World Bank. If Public Law 480 loans are not regarded as a sound investment, then none of the loans made directly or indirectly with United States funds are a sound investment to these countries. Furthermore, it should be pointed out that the loans are to be repaid, and as repayments take place, they may be used to meet the dollar expenses of the United States in the participating countries.

The extension of Public Law 480 granted in August 1957 provided for re-



lending of foreign currencies, largely to United States firms and their affiliates, to assist in the development and expansion of private business in foreign countries. The equivalent of nearly \$90 million will be reserved for these purposes in agreements negotiated this year. These funds will be made available to private business firms through the Export-Import Bank of Washington when commodities under these agreements are shipped and paid for and proceeds assigned to the bank.

With all the good the title I program is doing from a commodity standpoint, from a foreign policy standpoint, and its aid to Government programs, I urge that we enact legislation at once to continue this program. There is no excuse for further delay.

Mr. MCINTIRE. Mr. Speaker, I have read with interest the remarks of the distinguished chairman of the Committee on Agriculture on fair and friendly barter means value for our surpluses, appearing on page A6417 of the CONGRESSIONAL RECORD for Thursday, July 17, 1958. I believe misunderstandings in this statement may follow from this statement which prompts me to take this opportunity of stating my thoughts about the barter program as it was administered prior to May 1957.

In the first place, Mr. Speaker, the former barter program, which legislation pending before the House would restore, is not barter in any usual sense of that term. The Commodity Credit Corporation would not send its agricultural surpluses into the same country which supplied the strategic materials delivered in payment for them. On the contrary, in the whole history of the barter program, before the rules were changed a year ago, there were less than a half dozen true barter transactions. Analysis of barter contracts shows that the origin of the materials delivered under barter has no connection at all with the destination of the agricultural commodities exchanged for the materials. Normally, barter commodities have been sold by barter contractors in traditional dollar markets for United States farm products. In the fiscal year ending June 30, 1957, the last full year of barter, some 73 percent of the wheat moving under barter contracts was sold in these dollar markets. It is self-evident that such sales of barter commodities complete directly with sales that would otherwise be made for dollars.

The net effect of this kind of barter is that Commodity Credit Corporation is paid in minerals and metals instead of dollars. The distinguished chairman has placed emphasis on the allegedly vast savings in storage charges resulting from the exchange of farm products which deteriorate for minerals and metals which do not deteriorate and which admittedly cost much less to store. However, if dollars are received for agricultural commodities instead of minerals and metals, no storage charges need be paid at all.

I would like to turn for a moment to the matter of so-called discounts, or slight reductions in price, offered to foreign buyers by barter contractors to move the commodities which they must export under their barter contracts. It

is suggested that such slight discounts are made possible by the 1 or 2 percent commission paid by the barter contractor to an agent, usually a grain or cotton exporter, to sell the agricultural products abroad. I am informed that the Department of Agriculture has been notified of numerous cases in the last year where barter commodities have been offered to foreign buyers at prices 5 to 10 percent below the prices at which cash exporters could offer the identical commodities. In my opinion, these are not slight discounts. Also, in my opinion, such a two-price system for United States agricultural commodities in the world market inevitably and inexorably forces the exporters on a cash basis to lower their prices so that they can compete with the barter exporters. Thus, the whole commodity price structure, at first foreign and then domestic, is forced downward.

The distinguished chairman submitted a list of countries of origin of the materials delivered by barter contractors in exchange for agricultural commodities. He reasons that through barter acquisitions hundreds of millions of dollars have been made available to underdeveloped countries. Referring to the list supplied by Mr. Cooley, it is difficult for me to think of Canada which supplied over \$61 million in barter materials—as an undeveloped country. Likewise, it is somewhat surprising to find West Germany—which supplied almost \$30 millions in materials—to be classed as an undeveloped country. Barter contractors buy materials wherever they can get them at the cheaper price, and not infrequently this happens to be in highly developed, highly industrialized countries. By accident, barter may have helped underdeveloped countries, not by design. In this connection, it is interesting to note that press release USDA 2911-57 dated September 27, 1957 shows not one dollar in barter agricultural commodities was exported to Canada, and only \$787,000 in barter commodities were exported to Africa, although Africa is represented as having furnished almost \$214 million in barter materials.

The distinguished chairman in his remarks, ascribes the reduction in our cotton and wheat exports to the decrease in the volume of barter activity beginning in May a year ago. Such a burden of guilt is too much for the revised barter program to bear. In fiscal year 1957 wheat exports under barter represented about 16 percent of total United States wheat exports. According to the chairman's own statistics, total United States wheat exports in fiscal year 1958 were about 27.5 percent lower than in fiscal year 1957. Even if no wheat were exported under barter during fiscal year 1958—actually, some 5 million bushels of wheat were exported under barter contracts from July 1, 1957 through March 31, 1958—the decrease in barter wheat exports would not account for all of the decrease in total wheat exports. Were complete statistics on barter cotton exports available, I am sure they would show that the reduction in barter activity was not a significant factor in our decreased exports of cotton.

Mr. Speaker, what the distinguished chairman does not point out is that the real reasons for the falling off in our agricultural commodity exports have little, if any connection, with the full throttle barter which he so vigorously defends. Many causes combined to make 1956 an extraordinary year for agricultural exports, and if comparisons with 1956 commodity exports are to be valid, these causes must not be concealed. For example, in 1955 cotton importing countries consumed their inventories and withheld purchasing more cotton in the expectation that we would price our cotton at the world level. When we did so, United States cotton exports soared in 1956 to fill up the depleted stocks abroad. Thus, it is unrealistic to expect that we can maintain the same export level in 1957 and 1958 that was reached in 1956. Likewise, to cite only one example, and there are many more, a net difference of more than 90 million bushels of wheat resulted from French importation of wheat in 1956 and exportation of wheat in 1957. In a period of good crop production abroad, our commodity exports go down. When foreign crops are poor our commodity exports increase. Barter has nothing to do with these changes.

Mr. Speaker, the distinguished chairman would have us believe that the Department of Agriculture terminated the barter program in May 1957 by requiring that barter exports must not displace our cash exports of commodities. Nothing can be further from the truth. Under the revised barter program, over \$61.2 million in agricultural commodities under 50 contracts in 19 countries will be exported with some degree of assurance that these exports will not replace cash sales. Most of the new barter contracts covering this business were negotiated since January 1, 1958. If concrete evidence were needed to show the good faith of the Department of Agriculture in carrying out a sensible and realistic barter program, I am sure this record of new barter contracts provides it.

It is my firm conviction that the volume of barter business will increase as the trade becomes more familiar with the current barter regulations. Barter contractors should understand that the Department of Agriculture cannot and will not become a dumping ground for surplus minerals and metals which have no other markets. When they become reconciled to this fact, I am confident barter contractors and their commodity agents will turn their energies to developing new and expanded markets for agricultural commodities. The barter program will then serve the function it was designed to fill, namely, to increase total exports of farm products rather than substitute barter exports for cash exports.

I shall support this bill but it would be more constructive legislation if section 102 were stricken from the bill.

Mr. HARVEY. Mr. Speaker, the so-called Farm Surplus Disposal Act, or Public Law 480, has been one of the most effective pieces of legislation passed by the House Committee on Agriculture. It was first passed 4 years ago and so has



been given ample trial to determine its effectiveness. Since its continuance was a section of the composite farm bill defeated some weeks ago, this particular title has been drawn from the bill and is before us for individual action.

This piece of legislation probably will receive very little, if any, criticism. If I wanted to be on the controversial side of this question, which I do not, I could point out to the Members of the House that the general acceptance of this policy does have some warnings for all of us.

We have been fortunate as a Nation to be able to produce not only enough food and fiber for our own needs, but to produce more than we need. For this reason we are in the position of being able to use our surplus to an advantage both domestically and abroad. It does carry a note of warning with it, however, for in my judgment we ought not to look upon a program of this kind as a permanent solution for the surplus problems of our Nation. The program was not originally conceived on that basis, but rather was planned as an emergency proposition until such time as we could bring production into line with demand.

During the 4 years this act has been on the books we have used it to dispose of many types of surplus commodities, the chief being cotton. The act has given us an opportunity—one of the finest we have had in recent years—to acquaint the public abroad with our products. Other nations have thus been encouraged to buy them, or trade for them and to use them. The reports that have come to us, as well as my personal observation, lead me to believe that if this bill were not renewed at all—and I am sure it will be—benefits would persist long after the act expired. Therefore, through the provisions of this bill, we are not only helping to dispose of what otherwise would be burdensome and costly surpluses, but we are using these surpluses to build better trade relations and to enhance our entire export economy.

We have been criticized because we do not buy more of the products of the friendly nations of the world. They have said to us quite frequently—reminded us—that they cannot buy from us unless we buy from them. But it works both ways, and these people are now learning that in order that we may buy from them, they must buy from us. The most common complaint, of course, is that they do not have the money, the dollar exchange to buy from us to the extent they would prefer. Public Law 480 gives an advantage in this respect. It enables them to barter or trade commodities that they may have for our surplus commodities. We also are enabled under provisions of the act to buy or to take credit for the surplus commodities and then use them in the purchasing country itself for purposes for which we otherwise would have to use our own tax dollars. In my judgment this legislation has not only helped develop and build a better foreign trade policy, but it can and will if we follow it patiently and persistently, build for us a friendlier rela-

tionship with the other free countries of the world. It can honestly be said that we have been using our surplus commodities as a strong weapon for the defense of the free world.

I would like to devote my comments at this time to one particular item. As I stated, we have used the provisions of this law to dispose of many surplus commodities, but we have not used it in most instances except where we were burdened with surpluses. I think as we progress, however, it should be looked upon as a device to help introduce to the other nations of the world, products that we have which while they may not be in surplus certainly are in a position where we could produce more of them and thereby relieve some of the present surplus problems by diverting the acres to this new use. In this I am referring particularly to our livestock products—our beef and pork.

These sound like very prosaic items and certainly, I know, some of you will wonder why we should attempt to introduce either beef or pork to other nations. It is an indisputable fact, however, that while commonly accepted as a definite part of our daily diet, meat is absent from that of much of the world's population.

I do not think that we can expect a program of this kind to immediately or even in the near future fulfill the protein needs of millions of undernourished people. I think most specialists in the field of human nutrition, however, would state that the problem is not entirely one of economics—that many of the peoples of the world because they have not produced these protein-rich foods on their own economy just have not been accustomed to eating them, and we would here have a wonderful opportunity to create among these peoples of the world where malnutrition is prevalent a knowledge of, and an encouragement to use, these products that are so advantageous to human health.

We in this country are moving inevitably into a period of surplus meat products—whether it will come in 1959, 1960, or 1961 is impossible to predict, but I must warn my colleagues that it is coming. So when this situation does arise I am suggesting that we ought to have the policy for trading of these products already in being in order that we might not only stabilize our own economy, but serve a very useful purpose with our surplus production. I know some people will immediately suggest that it would be impossible in many of the nations where these nutritious meat products should go, to handle them for they have no refrigeration. I would say in reply to that it is possible with modern curing methods to preserve most of our meat products in such a way that they will not have to be refrigerated in order to be shipped and distributed. True enough, the cured product may not be as desirable or as delicious as we think of the fresh product being, but we must remember that here again it is a question of introducing a product new to a people and it will become acceptable only very slowly and then in terms of consumption per family on a modest basis.

Again, I would humbly suggest to the Secretary of Agriculture and our State Department that every effort be made in the months ahead to prepare for the inevitable surplus of beef and pork by starting a policy of foreign trade under the provisions of Public Law 480 in the near future. I need not touch upon the fine benefits that have accrued from Public Law 480 so far as our domestic uses are concerned. As most of you know, the Secretary has authority under the law to donate surplus products to needy families and to public institutions for the benefit of the general public. This has enabled many of our people to be better fed with a better balanced diet than would otherwise have been possible. Particularly has it brought into the diet of our people, dairy products which are not only nutritious but also important in balancing the diet of all of us.

I commend Public Law 480 for your consideration and suggest that it be extended without delay.

Mr. HARRISON of Nebraska. Mr. Speaker, as one of the original authors of this legislation I have had a profound interest in its success. The underlying thought of this legislation as it was originally conceived was to create some new markets for our ever increasing surpluses. We of the United States were not the only people of the world that were producing surpluses of the so-called basic commodities. How to sell in competition with other friendly countries without creating a price war was our problem. We could ill afford to undersell our friendly countries in the world market for we were dependent on many of them for sales of many of our products other than the so-called basic commodities.

The lack of a stable exchange of money values between countries was a serious barrier for trade. The provision of Public Law 480 to accept the foreign currency of a country for a sale of farm products was the key to its success. Many countries have been willing to buy our products and have become firm customers since we were willing to accept their currencies.

It has not been the thought expressed in Public Law 480 to sell for soft currencies to replace those sales for dollars but to supplement those sales. I want to make it clear that our major emphasis in Public Law 480 is on sales for dollars, not for foreign currencies. Last year 60 percent of our exports of agriculture products was sold for dollars.

The current \$4 billion authorization to make foreign currency sales under title I of Public Law 480 is virtually exhausted. January 1, the Department asked for extension and an authorization of \$1.5 billion. The authorization was for all practical purposes exhausted at that time and it was thought that had the extension been granted we could have consummated agreements for an additional \$200 million of sales up to this date. Signed agreements have committed over \$3.8 billion and the small remaining balance is being used to meet emergency situations. I urge,



therefore, that prompt consideration be given to the extension.

The agreements already signed provide for the shipment of 586 million bushels of wheat, 3.2 million bales of cotton, 26 million bags of rice, 1.9 billion pounds of vegetable oils, 146 million bushels of feedgrains, 192 million pounds of tobacco, 150 million pounds of meat, 220 million pounds of lard, 212 million pounds of dairy products, 186 million pounds of fruit and vegetables, as well as other commodities.

In 1955-56, the first full year of operation of title I, foreign-currency shipments totaled \$440 million at export market value. During 1956-57, title I shipments amounted to \$900 million.

Agreements signed to date will result in foreign-currency payments of about \$2.7 billion. About 55 percent of the total will be used for economic-development purposes in importing countries, 10 percent will be used to support the defense forces of our allies and the remaining 35 percent is planned for meeting United States expenses overseas and expanding certain United States programs. Currency uses will be discussed in more detail later in this statement.

When the Public Law 480 act was passed, the Commodity Credit Corporation's investment in agricultural commodities was valued at \$6 billion. This investment continued to rise in the next 2 years and totaled \$8.2 billion on June 30, 1956. As disposal programs, including CCC exports for dollars at world prices, began to have full effect, this rise in investment was arrested and a downward trend was started. CCC's investment in agricultural commodities on June 30, 1957, was \$7.3 billion. It is estimated that CCC's investment in commodities as of June 30, 1958, will be reduced to about \$6.8 billion. These reductions, resulting mainly from disposals of wheat and cotton, would have been greater except for the extremely large harvest of feed grains last year. It seems likely that United States agricultural production will continue at a high level and CCC will continue to take over production in excess of domestic use and commercial export outlets. Emphasis has been given to export sales for dollars and these sales have reached extremely high levels in the last 2 years. But, under any foreseeable circumstances, dollar sales will not be sufficient to move the surplus which may accumulate in CCC hands.

We have run into periods when title I programing has come to a standstill; for example, the development of new agreements virtually ceased in January 1957 when our authorization was almost exhausted. The availability of funds during the following months would have avoided a backlog of program requests from interested countries. This backlog resulted in the necessity to scale down, delay, or exclude country programs, and in erratic shipment performance. Shipments were running about 800,000 tons a month last spring; these dropped off to less than 400,000 tons and increased to about 600,000 tons in January as shipments were being made against fiscal year 1958 country programs.

The increase in title I shipments from year to year has been one of the major factors leading to the rise in our total agricultural exports. In 1954-55 our agricultural exports had a market value of \$3.1 billion. Title I shipments were small that year accounting for 3 percent of the total. In 1955-56 our agricultural exports rose to \$3.5 billion. Title I accounted for 12 percent of the total. In 1956-57, the year ending last June 30, agricultural exports rose to an alltime high of \$4.7 billion. Title I shipments made up almost 20 percent of the total, or about \$900 million.

The rise in total exports was the principal reason that the direction of surplus accumulations was reversed last year. During 1956-57, CCC investment in price-support commodities declined almost \$1 billion with the principal reductions being in wheat, cotton, and rice, commodities for which there were heavy movements under the title I program. I would like to mention some of the individual commodity performances.

**Wheat:** Wheat has been one of our greatest surplus problems. Stocks in Government hands increased in each of the 5 years prior to last year; last year, however, wheat exports reached the record high of 550 million bushels. In other words, last year we exported almost as much wheat as we consume domestically in an entire year. About 200 million bushels of this total moved against sales for foreign currencies under the title I program. The record shipment resulted in a reduction of about 125 million bushels in the carryover of wheat. It is expected that exports this year will be about 400 million bushels; in order to achieve this total more than 40 percent is being moved under title I.

**Soybean oil and cottonseed oil:** Exports of soybean oil and cottonseed oil have established new record levels during the past 3 years and will continue high this season. In each of the 3 years the major reason for the increase was shipments made under the title I foreign-currency program. Last year, for example, we exported nearly 1.4 billion pounds of these oils. Almost 50 percent of the total moved under the title I program. The title I program has been helpful in keeping soybeans out of price support trouble. Despite a record harvest this year, the impact on the market has been relatively mild. Although the carryover of soybeans by CCC is expected to be larger than last year, the carryover will be only a small percentage of the crop.

**Cotton:** The major reason that our cotton exports expanded so markedly in 1956-57 was the stability and confidence given to world markets by the CCC export program. Exports last year reached 7.6 million bales, the highest total in a quarter of a century; nearly 20 percent moved under the title I program. The expanded exports have made possible a reduction in CCC cotton stocks for the first time in 6 years. Instead of adding to the existing surplus carryover, stocks this past season were reduced by more than 3 million bales. Additional reductions will be made this year with total cotton exports expected

to remain relatively high at about 5.7 million bales. About 15 percent will be moved under title I.

**Rice:** A substantial reduction in surplus stocks of rice resulted from a record export year in 1956-57 which totaled about 26 million bags, of which 18 million bags moved under foreign currency sales. The title I shipments went to India, Korea, Pakistan, and Indonesia where increases in consumption would be obtained without affecting world markets. These movements have disposed of surpluses which had accumulated since the 1953 crop and have greatly improved domestic marketing conditions.

Foreign currencies received in payment for commodities are deposited to the account of the United States overseas and are used for purposes authorized in section 104 of Public Law 480 and specified in the sales agreement. Several departments and agencies have responsibility for administering the expenditure of these currencies. For example, the Department of Agriculture is concerned with the use of currencies for agricultural market development purposes; the International Cooperation Administration for currencies loaned back to importing countries for economic development purposes; and the Export-Import Bank of Washington for currencies loaned to private business firms.

About \$45 million in currencies has been tentatively earmarked for agricultural market development under existing agreements. To date, approximately \$10 million of this is being obligated for approved projects together with contributions by private trade organizations cooperating in these projects of over \$3 million. Results of these promotion efforts are already evident. Cotton promotion projects undertaken in 21 countries have been a factor in the free movement of cotton overseas and should continue to encourage exports for some time to come. The title I poultry sale to the Republic of Germany plus a promotion project resulted in dollar purchases by that country of more than 4 million pounds of poultry in 1957. Thus far in 1958, West Germany has allocated dollars for an additional 3 million pounds of poultry. Particularly good results have been obtained in Japan in maintaining United States wheat and tallow exports, and increasing the use of United States leaf tobacco. Commercial supermarkets have been opened up in Italy and other countries following a supermarket exhibit held in Rome in June 1956. We believe that as more projects are undertaken and more products exhibited at trade fairs our export markets for many commodities will widen considerably.

About half the foreign currencies expected to accrue under existing agreements will be loaned back to importing countries for use in economic-development projects agreed upon with the International Cooperation Administration. Considerable emphasis is placed upon coordinating plans for the use of these funds with the overall development programs of these countries. In



approving loan projects for agricultural purposes care is exercised to avoid encouragement of production, which would result in reduced outlets for United States agricultural commodities.

The extension of Public Law 480 granted in August 1957 provided for re-lending of foreign currencies, largely to United States firms and their affiliates, to assist in the development and expansion of private business in foreign countries. The equivalent of about \$65 million will be reserved for these purposes in agreements negotiated this fiscal year with Colombia, Finland, Formosa, France, Greece, Israel, Italy, Korea, Mexico, Pakistan, Peru, and Turkey. These funds will be made available to private business firms through the Export-Import Bank of Washington when commodities under these agreements are shipped and paid for and proceeds assigned to the Bank.

Currencies are also being used for the payment of United States expenses abroad; for the procurement of military services and equipment for military assistance; for education exchange programs; for assistance to American-sponsored schools, libraries, and community centers; for the translation, publication, and distribution of books and periodicals; and for the purchase of goods for other friendly countries.

I am greatly concerned about the proposal to change the barter provisions of Public Law 480. As presently conducted, this program to exchange our agricultural surpluses for commodities owned by the Commodity Credit Corporation is helping the American farmer. This is true, even though exports by barter have been reduced over previous years. The Secretary of Agriculture now has the authority to decide whether or not proposed barter transactions protect the funds and assets of the Commodity Credit Corporation. This discretion on his part means that all programs authorized under Public Law 480 are handled in the same manner. For example, foreign currency sales under title I are sales in addition to the usual marketings of the United States. Therefore, they result in increased exports and expanded outlets for United States products. I believe it would be a serious mistake to give preference to the barter program by removing its discretionary aspects and setting it out for special treatment.

The proposed amendment of section 303 of Public Law 480 goes further than to delete the discretionary power of the Secretary of Agriculture. It directs the Secretary to the maximum extent practicable to barter for strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss in deterioration or substantially less storage charges. It also directs him to conclude these barter transactions with a ceiling of \$500 million annually. It provides that he shall place no restriction on barter transactions in the countries of the free world except where he makes specific finding that the transaction will replace a cash sale for dollars.

Let us examine the effect of these provisions. It is true that the amendment is in accordance with the present policy of the Department of Agriculture to approve barter transactions only when they do not replace dollar sales. However, it unwisely places the burden upon the Secretary to make a specific finding for each transaction that it will replace a cash sale. Barter deals are approved now only where there is proof by the contractor that the transaction will result in the exportation of additional quantities of the commodities involved. I cannot see how the Department would be able to make a finding that a particular barter transaction will replace a particular cash sale.

Under the barter program there is a contract between a private United States firm and the Commodity Credit Corporation in which the firm agrees to export agricultural commodities as payment for materials to be supplied to the Government. The burden of proof as to the additional trade aspects of the barter rests with the private trade where it should be. After all, these transactions are carried on through regular commercial trade channels. A barter, even under present regulations, is considered a profitable and attractive transaction. It appears to me, therefore, that the people who stand to gain, that is, private traders, should prove the additionality that will result in profits to him.

It is obvious that the proposal places the Secretary and the Department of Agriculture in a completely untenable position. As I said, it would be extremely difficult, if not impossible, to make a finding that a proposed transaction would replace a cash sale for dollars. Agricultural commodities move in international trade in a manner that precludes anyone having full information of all transactions that might be made for dollars. I can only conclude, therefore, that the proposal appears to give protection to regular United States dollar sales. As a practical matter, however, no such protection is afforded by the amendment.

Very briefly, therefore, the barter amendment would take away the Secretary's discretionary authority in running the program, yet urge him to barter up to \$500 million annually. It would impose a very large administrative burden on the Department of Agriculture and shift the responsibility for proving the additionality from the private trader, where it belongs, to the Department.

The amendment also directs the Secretary to barter for materials of which the United States does not domestically produce its requirements. This language is mandatory. If enacted it would mean that the United States would have to take materials offered to it and put them into supplemental stockpiles even though they may not be suitable for any Government program. Among such items of questionable suitability might be precious stones, pepper, kapok, fuller's earth, iron ore, rhodium, zirconium, etc. Also, we may have large stocks of these materials already accumulated. This part of the amendment is also ill-advised.

Another barter provision in these proposals that is odious is one that no material shall be excluded by reason of the fact that it has been domestically processed. There have been barter transactions proposed under which 80 percent of the cost represents domestic processing. What kind of barter program is this when we exchange agricultural commodities with domestic industries for resale abroad for dollars. This sets up a horrible fiction.

I believe the whole concept of the proposed amendment is contrary to the interests of the United States and the American farmer. The barter program is sufficiently attractive now. Barter companies are offering as much as a 10 percent discount on the agricultural commodities obtained under the program. The Department of Agriculture is attempting now to conclude barter transactions which will result in additional trade, protect normal exports, and generally be of profit to American producers.

In addition, it should be noted that a mandatory barter program of this size will result in lower—note I said lower—prices to wheat, cotton, and feed grain producers. At present, the subsidy in kind program takes the commodities to be exported out of the free market and gives a price lift to the market. Under this mandatory barter program, the commodities will come out of CCC stocks with a resultant weakening of the free market. If that is the design—that is, to lower market prices—retain this provision. If not, eliminate it in the interests of farmers and good government.

I believe enactment of the amendment would be a serious mistake. It should be defeated.

It is most important that Public Law 480 be extended at this session of Congress.

#### SECRETARY BENSON ANNOUNCES LARGE BACKLOG OF REQUESTS FOR PUBLIC LAW 480 PROGRAMS

Secretary of Agriculture Ezra Taft Benson today announced that the Department is holding a large backlog of requests from friendly countries to purchase surplus agricultural commodities for foreign currencies under title I, Public Law 480.

The requests at this time total over \$600 million at cost to the Commodity Credit Corporation, and include substantial quantities of wheat, feed grains, cotton, soybean oil, tobacco, rice, and dairy products.

The Secretary pointed out that the development of programs in response to these requests cannot be started because the authority to conclude title I agreements expired June 30, 1958. On July 2 USDA announced that the balance of \$30 million remaining under title I was being held for contingency use in connection with agreements already negotiated.

"On January 16, 1958, the Department requested the Congress for an additional authorization of \$1.5 billion under title I and, as yet, this authority has not been received," the Secretary said. "It is important," the Secretary added, "that we negotiate large programs now in order to maintain agricultural export shipments at high levels."

He said that greater help could be given to farmers if purchasers are in the market when crops are being harvested and this timing of sales would result in more orderly programming of commodities and more efficient use of shipping facilities.



The Secretary stated that the need to export farm surpluses has become more urgent in view of the forecast of large agricultural production this season, particularly with respect to wheat, corn, and soybean oil. He said negotiation of agreements under title I takes time, and the longer we are without authority, the more serious our surplus situation becomes.

"Last year, when Public Law 480 was not extended until the middle of August, it took several months before substantial agreements were concluded," the Secretary said. "This delay caused a sharp reduction in agricultural exports for the last half of calendar year 1957.

"While we will be able to export some commodities during this summer from agreements concluded earlier this year, we should be negotiating new agreements now to prevent a slump in shipments this fall."

The Secretary emphasized that action should be taken on some program requests now. The expiration of Public Law 480 will not only result in the loss of exports but loss of opportunities to promote good will in friendly countries.

"During the past 4 years," he said, "we have programed \$4 billion worth of surpluses to friendly countries under title I. Besides contributing to the reduction of surplus stocks, the program has proved valuable through the use of the foreign currencies abroad to promote agricultural market development, pay United States expenses, make loans to foreign governments, and to private United States and foreign business firms for economic development projects, and expand other United States programs."

The Secretary also said, "immediately after the August Cotton Crop Report is released the Department of Agriculture will have to make a final decision with respect to the support level of cotton for this marketing year, 1958. If Public Law 480 is not on the books by then, necessarily the Department of Agriculture will have to assume that the exports during the 1958-59 marketing year will be reduced below the level which would otherwise prevail. In other words, USDA would have to reduce the estimates of exports by the estimated amount of exports resulting from new Public Law 480 commitments.

"This failure will have the immediate effect of resulting in a lower cotton support price for the 1958 crop than would prevail if Public Law 480 were in operation. This will mean substantially less income to every cotton farmer.

"Expiration of legislation for Public Law 480 may mean that the 1959 acreage allotments for cotton, rice, corn, and tobacco will be substantially less than would otherwise be in effect. This is due to the fact that the Department of Agriculture will not be able to include additional Public Law 480 exports in the export estimates and the carryover will be affected. This will reduce the normal supply levels and will cause severe acreage allotment cuts to farmers."

Mr. AVERY. Mr. Speaker, the Agricultural Trade Development and Assistance Act of 1954, which now has become generally described as Public Law 480 was originally passed by the 83d Congress as an additional outlet for surplus agricultural commodities. At the time the law was passed the Commodity Credit Corporation held commodities in the approximate amount of \$6 billion. Since the economic effect of the end of the Korean war was felt by farmers in 1954 the accumulation of surplus commodities by the Commodity Credit Corporation rose sharply, as was expected, to \$8.2 billion by 1956. These factors made the authorization of this program highly desirable by making it possible to

place our surplus commodities in markets where they would not otherwise have been available. This public law has continued to be a source of disposal of our agricultural commodities, but in recent years it has also become an important part of our foreign relations. This authorization permits the Secretary of Agriculture to make available to certain nations our surplus agricultural commodities, and to take in payment the native currency in lieu of dollar credits that are necessary in the commercial export trade.

We do have the problem of reconciling this program with free western nations that also have these same commodities for sale but are not able to accept native currency in lieu of the conventional rate of exchange between the affected countries. For example, our best friend the Dominion of Canada feels that we have preempted or at least encroached upon some of her export wheat markets under this program. Although the welfare of American agriculture must remain in top priority, we cannot turn our backs on the economy of neighboring free western nations in the operation of this program.

The principal agricultural commodities exported under this program affecting Kansas are wheat, feed grains, fats and oils, and dairy products. In addition to these products are rice, tobacco, and cotton. Wheat, of course, has been exported in greater dollar volume than any other commodity. Since the inception of the program in 1954 and up until May 31, 1958, nearly \$1 billion worth of wheat has been disposed of. This represents 587 million bushels, or about one-half of a normal year's production of wheat. India, Brazil, and Yugoslavia have been the principal recipients of this cereal grain. The next largest category of surplus commodities under the program is fats and oils. This category includes beef tallow and pork lard, two commodities that are difficult to place in the domestic American market; \$365½ million worth of these products have been disposed of through the program, the bulk of which has been sold to Spain and Italy. Dairy products account for \$43,800,000 worth of commodities, of which the largest amount has been sold to Israel. Feed grains represent a smaller amount, \$174,700,000, flowing primarily to Korea and Mexico.

These are just a few illustrations of the great impact of this program on our agricultural economy. The previous authorization under this program was \$4 billion, that could be sold under title I of the bill, or in other words exchanged for foreign currency. This bill provides that that amount be increased by \$1½ billion, and that increase is needed.

There are two reasons why the extension of Public Law 480, which has now expired, be immediately enacted. The food stores of America represent a great bargaining power in our continuing effort for world peace. The countries largely participating in this program are the countries that are not able to buy similar commodities in world trade. Some of them are underdeveloped countries and are making a tremendous effort

to develop their meager natural resources, and also to raise the standard of living of their people.

From a Kansan's viewpoint there is probably an even more significant reason. It is estimated that the 1958 wheat crop may exceed 1¼ billion bushels. This will be one of the largest wheat crops on record, and we are going to need every possible outlet to dispose, not only of the currently harvested 1958 crop, but also a sizable accumulated carryover from the last few years. This program is expensive to the extent of the authorization in the bill, now \$5½ billion for the 5-year period. The foreign currency received from the sale of these commodities offsets to a considerable degree the costs of the program, inasmuch as a part of these funds are used for certain continuing military expenses assessed to the United States in certain participating countries.

Mr. Speaker, I urge the immediate passage of this meritorious legislation.

Mr. ALGER. Mr. Speaker, I must register my protest over this consideration of the extension of the Agricultural Trade Development and Assistance Act, Public Law 480. Under suspension of the rules the allowance of a total of 40 minutes' debate is not enough. The bill cannot properly be studied, questioned, and corrected. In fact, I am among those not granted time to speak. This \$1½ billion distribution of food at home and abroad is important enough to deserve deliberate, not hurried, attention. First, there are no bills or committee reports available. Under the foreign disposal of food, we have not correlated this program with our foreign-aid program, and, of course, it is foreign aid. There is no policy to guide this hodge-podge giveaway. Sure, we get foreign currency, but it must be spent in the recipient country. So we continue to manipulate or mastermind other nations or attempt to do so. And without an overall policy. It is not enough to just get rid of our surpluses. It is a question of the best way to do so. Faulty programs should not be continued. By what right do we engage in Federal expenditures and programs overseas in which, constitutionally, we cannot engage within our own country, as for example the aid to education we extend under this bill. No doubt the teaching of ideologies completely foreign to our American ideals will be subsidized. Our improper handling of foreign currency within the respective foreign nations can gain us enemies, not win friends.

Here in the United States we do not believe in socialism, the Government's feeding, clothing, or housing us. Yet, in this bill last year the Federal Government gave away 621 million pounds of food. I am confident, further, that others than the needy got this food. Besides, we have local and State means to provide for our needy. The heavy income taxes from all States, if part were kept at home, could provide the necessary funds. What we are doing, and it is readily recognizable, is providing a permanent, not temporary, program for surplus disposal. We are assuring the continuance of agricultural surpluses, with the resultant heavy drain on the tax-



payers, who must support high farm prices, and pay higher prices in the stores as food consumers. It is not just incipient socialism, it is self-perpetuating socialism, and we in Congress are forced into silence and acceptance by this hurried consideration, when some of us feel this program is wrong.

If this is meritorious legislation it should be presented properly for our careful floor consideration, not ramrodded through in 40 minutes. Some say the administration of the law is bad. I say what else can you expect from such all-comprehensive, socialistic, foreign-benevolent legislative wording? At a time of deficit financing, at a time of world crisis, it is a blot on the record of this Congress to consider such controversial legislation so hastily. The leadership should bring this bill before us under a rule permitting debate and amendment.

Finally, how proud can we be of helping atheistic Yugoslavia, our dedicated enemy. Yugoslavia has received \$432 million of our food under this program. What do we do with the local currency paid for our products? We arm them with our best military weapons. We are our enemy—according to the charts on page 50 of the report.

It is time we had a policy study of Public Law 480. How does it relate to the foreign aid program? Should United States objectives in this bill be reevaluated as to their affects on friends and foes? We should do this before continuing the program.

Mr. DIXON. Mr. Speaker, the extension of Public Law 480 is legislation that is long overdue, and I hope that nothing will arise to delay action any longer. The delay occasioned by the maneuver to tie it into unrelated and unsound legislation has cost the farmer dearly, as I have pointed out repeatedly.

Some estimates of the loss can be gained from the July 17 release of the United States Department of Agriculture which says:

Secretary of Agriculture Ezra Taft Benson today announced that the Department is holding a large backlog of requests from friendly countries to purchase surplus agricultural commodities for foreign currencies under title I, Public Law 480.

The requests at this time total over \$600 million at cost to the Commodity Credit Corporation and include substantial quantities of wheat, feed grains, cotton, soybean oil, tobacco, rice, and dairy products.

The Secretary pointed out that the development of programs in response to these requests cannot be started because the authority to conclude title I agreements expired June 30, 1958. \* \* \*

While we will be able to export some commodities during this summer from agreements concluded earlier this year, we should be negotiating new agreements now to prevent a slump in shipments this fall.

In spite of the statements by the chairman and committee members that the barter section of the bill is not mandatory on the Secretary, I still think that the measure would be better without this barter section and I hope that it will be removed in conference. The section commences as follows:

The Secretary is directed to the maximum extent practicable within the limit permitted

by this section to barter or exchange agricultural commodities—

With the delicate relations already existing between the United States and some of our friendly neighbors over barter, it is unwise to further disturb them by such unnecessary gestures as this barter section. It is my understanding, as discussed in committee, that the Secretary in spite of this section has the authority to decide to what extent barter is practicable, feasible, and advisable, and to restrict contracts of barter which, in his opinion, replace or negatively affect cash sales.

And again I certainly do not want any meaning read into this measure which would require the Secretary to be a party to any objectionable sale and hocking around of certificates of eligibility and bartering once or twice removed from a direct transaction between the CCC and the foreign country. Neither do I want to see him forced to barter when the amount of agricultural commodities involved is seriously reduced through the loading of processing and packaging costs.

The people-to-people contact provided in the bill through the use of idle foreign currencies to finance the exchange of experts in the fields of government, agriculture, health, and other important careers, through the exchange of farm and business groups, through the assistance to the Library of Congress, through establishing chairs in friendly countries for American professors will go a long way toward friendlier relations and establishing peace.

The Appropriations Committee of House should have supervision over the expenditures of foreign currencies. It is my hope, however, that if this function interferes with the financing of the international education exchange activities for the immediate future that the effective date be postponed or some other arrangement made in order not to disrupt the ordinary operation of the educational-exchange program.

Mr. NEAL. Mr. Speaker, I desire to associate myself with the gentleman from Minnesota [Mr. Judd] in objecting to additional authority for the Secretary of Agriculture in the conduct of his barter program.

Public Law 480, designed for the purpose of unloading some of our agricultural commodities in surplus and stored at great expense has served us and many underdeveloped countries well. It has enabled our Government to trade for much needed strategic materials. It has done much to relieve food shortages in many parts of the world. Even though our Government has had to accept foreign currencies instead of strategic materials in return for our surplus foods this program has enabled us to demonstrate a humane interest in the peoples of poor nations.

But this bill goes too far in that it would authorize our Government to engage in activities in foreign lands that we are not yet ready to provide for our own citizens. What right have we to extend educational privileges to people abroad that we persist in denying to our own people especially when to implement this

program would entail additional expense to our taxpayers by adding to our Government payrolls the cost of personnel to implement the program?

Then again, Mr. Speaker, the Secretary has not always administered this barter program to the advantage of our own economy. On May 8, 1957, he issued a directive prohibiting delivery under barter controls of materials processed or produced in the United States. This directive said no materials processed or produced domestically would be considered for barter.

Under this directive only processing industries located in foreign countries are now permitted to participate in such processing.

Now, Mr. Speaker, when we barter our commodities for rare metals, we do not, ourselves, produce, we really get value received, but when we trade our products for local countries' money we may as well make outright gifts.

One of industry's greatest needs is ores for the processing of ferroalloys. Without them the steel industry cannot operate. Surpluses bartered for these ores is good business. The United States is abundantly supplied with plants capable of processing these ores. Even though these plants are manned and equipped to take care of all the strategic ores we could import through barter, they are not permitted to process ores secured through the barter program.

The barter program, like many phases of our foreign trade policies, needs to be reviewed and revised with the objective of preserving home industry.

Mr. JUDD. Mr. Speaker, I yield the balance of the time on this side to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Speaker, this is not a question of the extension of Public Law 480. If it were a straight extension I do not think there would be any opposition. This is an extension with some rather far reaching amendments. These amendments are not before the House for consideration because the bill in which they are printed was not available, nor was the report. Furthermore, even if it was the bill which contained them, H. R. 12954, you would find there have been some very basic amendments made by the committee, the language of which is not before the House.

This is a complaint involving procedure. If this is voted down we can do 1 of 2 things: First, extend Public Law 480 as is, and I do not think there will be any trouble about that; or, second, bring this out under a rule so we can properly consider these amendments and see what their effect may be.

The gentleman from Minnesota is a friend of Public Law 480. He has pointed out that these amendments are very far reaching.

Mr. Speaker, I am concerned about another aspect and that is to be sure that our Appropriation Committee has control over these funds. That committee has not had control in the past. The committee says they have amended H. R. 12954 so that it has that language in it, but the language is not here for us to consider. So it is impossible



under this procedure, suspension of the rules, to adequately consider what we would be doing by passing this bill at the present time.

This is not an extension of Public Law 480. It is an extension of Public Law 480 with some very basic and far reaching amendments, which amendments this House should deeply consider.

Mr. SIMPSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Illinois.

Mr. SIMPSON of Illinois. I may say to the gentleman that what the House is being asked to do here today is to pass a section of an agricultural omnibus bill that was defeated 2 weeks ago under a rule.

Mr. CURTIS of Missouri. Well, it is not Public Law 480.

Mr. COOLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from Texas [Mr. THOMPSON].

(Mr. THOMPSON of Texas asked and was given permission to revise and extend his remarks.)

Mr. THOMPSON of Texas. Mr. Speaker, I would like to make some comments regarding the operation of Public Law 480. It is my opinion that the purposes of the act are not being carried out in its administration as fully as it was intended by the Congress. The act set out as principles which it was sought to attain, the following:

To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

Sec. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this act to expand international trade, to encourage economic development, to purchase materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

I desire to cite four other sections from title I of the act. The President is authorized to—

Sec. 101. (b) Take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation.

Sec. 101. (e) Afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this act and to make effective use of foreign currencies received to carry out the purposes of this act.

Sec. 102. (a) (2) Shall make funds available to finance the sale and exportation of

surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation.

Sec. 103. (b) \* \* \* This limitation shall not be apportioned by year or by country, but shall be considered as an objective as well as a limitation, to be reached as rapidly as possible so long as the purposes of the act can be achieved within safeguards established.

I wish to cite Executive Order 10560, dated September 9, 1954, issued of the administration of the Agricultural Trade Development and Assistance Act of 1954:

Section 1. Department of Agriculture. Except as otherwise provided in this order, the functions conferred upon the President by title I of the Agricultural Trade Development and Assistance Act of 1954 are hereby delegated to the Secretary of Agriculture.

As chairman of the Subcommittee for Rice of the House Agriculture Committee, our hearings and investigations have disclosed that the Secretary of Agriculture and the officials of the Department of Agriculture have in their administration of Public Law 480, Agricultural Trade Development and Assistance Act of 1954, deliberately and intentionally ignored the purposes of the act and particularly the provisions of the aforementioned sections that I have cited.

It appears that a system allocating the authorizations under this act by commodities and by countries has been made. The allocation of funds by commodities are on the basis of the relationship of the commodity investment to the total investment of Commodity Credit Corporation in all commodities. Under this system from 75 to 80 percent of the Public Law 480 authorization would be earmarked for wheat and corn. Tobacco which because of an accounting technicality is considered to be under loan is practically eliminated from the Public Law 480 program. Dried beans though is surplus supply but under price-support loans are likewise ignored. The Department of Agriculture and/or the inter-agency staff committee have established a policy contrary to the intent of Congress and the act itself, providing that only commodities in Commodity Credit Corporation are eligible for Public Law 480 financing.

Last November, the Secretary of Agriculture reduced the allocation of rice for export under Public Law 480 by 4,900,000 hundredweight. Had the reduction not have been made it would have been necessary to announce a level of price support for the 1958 crop of 83 percent. The reduction in the allocation, by a very strange coincidence, reduced the level of price support to 75 percent the minimum permitted by law. Not only were the purposes of the act ignored but the Secretary has seen fit to utilize it as a tool in his campaign to wreck the price support program.

It is difficult to follow the reasoning that the foreign policy of the United States is helped by a system that denies surplus rice to people, the mainstay of whose diet has been traditionally rice. In effect the people of India, Korea, and Ceylon have been ordered to eat wheat.

There is reason to believe that under the present policy, which ignores the in-

tent of Congress and the specific provisions of the act itself, with unwarranted emphasis on grains, is in effect discouraging the growth and development of foreign trade by normal trade channels in favor of the international grain traders of which there are four or five dominant firms, of whom only two are American owned or controlled.

It is apparent that the interests of American agriculture are being ignored or circumvented in the administration of Public Law 480. I therefore strongly urge the Chairman of the House Agriculture Committee to name a special subcommittee on operations of the Agricultural Trade Development and Assistance Act. The subcommittee to investigate and report on the compliance of the Administration with the act and the intent of Congress. The subcommittee to report to the whole committee not later than January 31, 1959.

Mr. COOLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from Virginia [Mr. JENNINGS].

(Mr. JENNINGS asked and was given permission to revise and extend his remarks.)

Mr. JENNINGS. Mr. Speaker, although I have some misgivings about the barter provisions of the bill under consideration, I support its passage.

In carrying out the program, we must make certain that it is true barter rather than a vehicle whereby commissions are paid in usual trading activities. While the bill directs the Secretary of Agriculture to barter to the maximum extent possible under the \$500 million limitation, I hope the Secretary will protect the assets of the Commodity Credit Corporation by the exercise of good business judgment.

I agree with the gentleman from Texas [Mr. THOMPSON], that a subcommittee should be appointed, or an existing subcommittee designated, to go into the details of the operations conducted under Public Law 480. A comprehensive report should be submitted to the Congress at the earliest practicable date giving the results of the subcommittee's investigation. Also, we should utilize this report in a complete review of Public Law 480's operations before Congress is again called upon to consider such vital legislation.

Mr. Speaker, the bill we are considering today does not disturb the existing programs to make use of our surpluses here at home through donation to the school-lunch program, needy persons, and to charitable institutions.

By way of explanation, our domestic donation program was expanded after the authority was approved by Congress in 1955 to permit processing of surplus Government stocks into a form suitable for home or institutional use. I had the privilege of sponsoring H. R. 2851 in the 84th Congress, which became Public Law 311 and established a 2-year program for processing surplus grain into wheat flour and cornmeal. In 1956, we made the processing authority permanent by approving section 212 of Public Law 540.

Domestic donation of this processed grain has been made in all 48 States, Alaska, Hawaii, and Guam, and, of



course, to the nonprofit voluntary agencies for overseas relief programs. As an illustration of this use of our surplus grain, I am informed that in the 12-month period from November 1956, to October 1957, an average of 85 million pounds of flour and 34 million pounds of cornmeal were processed by the Commodity Credit Corporation for donation purposes.

Mr. Speaker, we should definitely continue the donation of these processed commodities to the programs here at home. Not only do I favor the continuation of the flour and cornmeal processing donation program, but I support the efforts to put to good use the other products that have been utilized, such as butter, cheese, nonfat dry milk, rice, beans. These products have all been extremely helpful and should continue to be utilized as provided in present law.

Mr. COOLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, I am interested in one inquiry of the chairman of the Committee on Agriculture. In view of the fact that 254,000 of the 2 million people in West Virginia are living off surplus Government food, is there provision in here to provide for the processing of wheat into flour and corn into meal for those people?

Mr. COOLEY. I am glad to assure the gentleman that the so-called Bailey amendment and the so-called Jennings amendment are both carried in this bill.

I would like to say to the gentleman who just addressed the House and stated that this bill was substantially the provisions contained in the omnibus bill that he just does not know what he is talking about.

We amended this bill so as to meet all of the objections that came to us from members of the Committee on Appropriations, and if there is any doubt about those provisions being in the bill, all you have to do is to familiarize yourselves with the proposition you are voting on.

The SPEAKER. The question is on suspending the rules and passing the bill.

Mrs. GRIFFITHS. Mr. Speaker, on that I ask for a division.

Mr. JUDD. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. The gentleman knows that we cannot have the yeas and nays today.

Mr. JUDD. I regret that that is the situation.

The SPEAKER. Does the gentleman want to delay the bill for 2 days in order to have a vote?

Mr. JUDD. I have no choice in the matter, because I want to defeat the bill.

The SPEAKER. The Chair will count. [After counting.] Twenty-five Members, not a sufficient number.

So the yeas and nays are refused.

The question was taken; and on a division (demanded by Mrs. GRIFFITHS) there were—yeas 152, noes 24.

Mrs. GRIFFITHS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the

point of order that a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the further consideration of the bill be postponed until Wednesday.

Mr. COOLEY. Mr. Speaker, reserving the right to object—

The SPEAKER. Now, there has already been a division.

Mr. COOLEY. I am not trying to have a rollcall, but I would like to have the Speaker determine whether we have a quorum, and I think we will have on tellers. That is the reason I demand the vote be taken by tellers rather than on a standing vote.

Mr. McCORMACK. I withdraw my request, Mr. Speaker.

The SPEAKER. Well, now, a point of no quorum has been raised.

Mr. McCORMACK. Mr. Speaker, I renew my unanimous-consent request that the further consideration of the bill be postponed until Wednesday.

Mr. COOLEY. Mr. Speaker, I withdraw my request.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### SMALL BUSINESS TAX REVISION ACT OF 1958

Mr. MILLS. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 13382) to amend the Internal Revenue Code of 1954 to provide tax revision for small business, as amended.

The Clerk read as follows:

*Be it enacted, etc.—*

##### SECTION 1. Short title.

This act may be cited as the "Small Business Tax Revision Act of 1958."

##### SEC. 2. Losses on small business stock.

(a) Cross reference: Section 165 of the Internal Revenue Code of 1954 (relating to deduction for losses) is amended by adding at the end of subsection (h) the following new paragraph—

"(3) For special rule for losses on small business stock, see section 1242."

(b) Treatment as ordinary loss: Part IV of subchapter P of the Internal Revenue Code of 1954 (relating to special rules for determining capital gains and losses) is amended by adding at the end thereof the following new section:

##### "SEC. 1242. Losses on small business stock.

"(a) General rule: In the case of an individual, a loss on section 1242 stock issued to such individual which would (but for this section) be treated as a loss from the sale or exchange of a capital asset shall, to the extent provided in this section, be treated as a loss from the sale or exchange of an asset which is not a capital asset.

"(b) Maximum amount for any taxable year: For any taxable year the aggregate amount treated by the taxpayer by reason of this section as a loss from the sale or exchange of an asset which is not a capital asset shall not exceed—

"(1) \$25,000, or

"(2) \$50,000, in the case of a husband and wife filing a joint return for such year under section 6013.

"(c) Section 1242 stock defined:

"(1) In general: For purposes of this section, the term 'section 1242 stock' means common stock in a domestic corporation if—

"(A) such corporation adopted a plan after June 30, 1958, to offer such stock for a period (ending not later than 2 years after the date such plan was adopted) specified in the plan,

"(B) at the time such plan was adopted, such corporation was a small business corporation,

"(C) at the time such plan was adopted, no portion of a prior offering was outstanding,

"(D) such stock was issued by such corporation to the taxpayer, pursuant to such plan, for money or other property (other than stock and securities), and

"(E) such corporation, during the period of its 5 most recent taxable years ending before the date the taxpayer sustains the loss on such stock, derived more than 50 percent of its aggregate gross receipts from sources other than royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities (gross receipts from such sales or exchanges being taken into account for purposes of this subparagraph only to the extent of gains therefrom).

Such term does not include stock if issued (pursuant to the plan referred to in subparagraph (A)) after a subsequent offering of stock has been made by the corporation.

"(2) Small business corporation defined: For purposes of this section, a corporation shall be treated as a small business corporation if at the time of the adoption of the plan—

"(A) the sum of—

"(i) the aggregate amount which may be offered under the plan, plus

"(ii) the aggregate amount of money and other property (taken into account in an amount, as of the time received by the corporation, equal to the adjusted basis to the corporation of such property for determining gain, reduced by any liabilities to which the property was subject or which were assumed by the corporation at such time) received by the corporation after June 30, 1958, for stock, or as a contribution to capital or as paid-in surplus,

does not exceed \$500,000; and

"(B) the sum of—

"(i) the aggregate amount which may be offered under the plan, plus

"(ii) the equity capital of the corporation (determined on the date of the adoption of the plan),

does not exceed \$1 million.

For purposes of subparagraph (B), the equity capital of a corporation is the sum of its money and other property (in an amount equal to the adjusted basis of such property for determining gain), less the amount of its indebtedness (other than indebtedness to shareholders).

"(d) Special rules:

"(1) Limitations on amount of ordinary loss:

"(A) Contributions of property having basis in excess of value: If—

"(i) section 1242 stock was issued in exchange for property,

"(ii) the basis of such stock in the hands of the taxpayer is determined by reference to the basis in his hands of such property, and

"(iii) the adjusted basis (for determining loss) of such property immediately before the exchange exceeded its fair market value at such time,

then in computing the amount of the loss on such stock for purposes of this section the basis of such stock shall be reduced by an amount equal to the excess described in clause (iii).

"(B) Increases in basis: In computing the amount of the loss on stock for purposes of this section, any increase in the basis of such stock (through contributions to the capital of the corporation, or otherwise)



shall be treated as allocable to stock which is not section 1242 stock.

"(2) Recapitalizations, changes in name, etc.: To the extent provided in regulations prescribed by the Secretary or his delegate, common stock in a corporation, the basis of which (in the hands of a taxpayer) is determined in whole or in part by reference to the basis in his hands of stock in such corporation which meets the requirements of subsection (c) (1) (other than subparagraph (E) thereof), or which is received in a reorganization described in section 368 (a) (1) (F) in exchange for stock which meets such requirements, shall be treated as meeting such requirements. For purposes of paragraphs (1) (E) and (2) (A) of subsection (c), a successor corporation in a reorganization described in section 368 (a) (1) (F) shall be treated as the same corporation as its predecessor.

"(3) Relationship to net operating loss deduction: For purposes of section 172 (relating to the net operating loss deduction), any amount of loss treated by reason of this section as a loss from the sale or exchange of an asset which is not a capital asset shall be treated as attributable to a trade or business of the taxpayer.

"(4) Individual defined: For purposes of this section, the term 'individual' does not include a partnership, trust, or estate.

"(e) Regulations: The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(c) Technical amendment: The table of sections for such part IV is amended by adding at the end thereof the following new item:

"Sec. 1242. Losses on small-business stock."

Sec. 3. Three-year net operating loss carryback.

(a) Allowance: Paragraph (1), and so much of paragraph (2) as precedes the third sentence thereof, of section 172 (b) of the Internal Revenue Code of 1954 (relating to net operating loss deduction) are amended to read as follows:

"(1) Years to which loss may be carried: A net operating loss for any taxable year ending after December 31, 1957, shall be—

"(A) a net operating loss carryback to each of the 3 taxable years preceding the taxable year of such loss, and

"(B) a net operating loss carryover to each of the 5 taxable years following the taxable year of such loss.

"(2) Amount of carrybacks and carryovers: Except as provided in subsection (h), the entire amount of the net operating loss for any taxable year (hereinafter in this section referred to as the 'loss year') shall be carried to the earliest of the 8 taxable years to which (by reason of subparagraphs (A) and (B) of paragraph (1)) such loss may be carried. The portion of such loss which shall be carried to each of the other 7 taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable income for each of the prior taxable years to which such loss may be carried."

(b) Taxable years beginning in 1957 and ending in 1958: Section 172 of such code is amended by relettering subsection (h) as subsection (i), and by inserting after subsection (g) the following new subsection:

"(h) Carryback of net operating loss for taxable years beginning in 1957 and ending in 1958: In the case of a taxable year beginning in 1957 and ending in 1958, the amount of any net operating loss for such year which shall be carried to the third preceding taxable year is the amount which bears the same ratio to such net operating loss as the number of days in the loss year after December 31, 1957, bears to the total number of days in such year. In determining the amount carried to any other taxable year, the reduction for the third taxable

year preceding the loss year shall not exceed the portion of the net operating loss which is carried to the third preceding taxable year."

(c) Limitation on assessment of deficiency attributable to carryback: Section 6501 of such code (relating to limitations on assessment and collection) is amended by relettering subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) Net operating loss carrybacks: In the case of a deficiency attributable to the application to the taxpayer of a net operating loss carryback (including deficiencies which may be assessed pursuant to the provisions of section 6213 (b) (2)), such deficiency may be assessed at any time before the expiration of the period within which a deficiency for the taxable year of the net operating loss which results in such carryback may be assessed."

(d) Effective dates:

(1) The amendments made by subsections (a) and (b) shall apply in respect of net operating losses for taxable years ending after December 31, 1957.

(2) The amendment made by subsection (c) shall take effect as of August 17, 1954, and shall apply as provided in section 7851 of the Internal Revenue Code of 1954.

Sec. 4. Additional first-year depreciation allowance for small business.

(a) In general: Part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to itemized deductions for individuals and corporations) is amended by adding at the end thereof the following new section:

"Sec. 178. Additional first-year depreciation allowance for small business.

"(a) General rule: In the case of section 178 property, the term 'reasonable allowance' as used in section 167 (a) may, at the election of the taxpayer, include an allowance, for the first taxable year for which a deduction is allowable under section 167 to the taxpayer with respect to such property, of 20 percent of the cost of such property.

"(b) Dollar limitation: If in any one taxable year the cost of section 178 property with respect to which the taxpayer may elect an allowance under subsection (a) for such taxable year exceeds \$10,000, then subsection (a) shall apply with respect to those items selected by the taxpayer, but only to the extent of an aggregate cost of \$10,000. In the case of a husband and wife who file a joint return under section 6013 for the taxable year, the limitation under the preceding sentence shall be \$20,000 in lieu of \$10,000.

"(c) Election:

"(1) In general: The election under this section for any taxable year shall be made within the time prescribed by law (including extensions thereof) for filing the return for such taxable year. The election shall be made in such manner as the Secretary or his delegate may by regulations prescribe.

"(2) Election irrevocable: Any election made under this section may not be revoked except with the consent of the Secretary or his delegate. Any selection of items under this section, as shown in the election, may not be modified by the person making the election except with the consent of the Secretary or his delegate.

"(d) Definitions and special rules:

"(1) Section 178 property: For purposes of this section, the term 'section 178 property' means tangible personal property—

"(A) of a character subject to the allowance for depreciation under section 167,

"(B) acquired by purchase after December 31, 1957, for use in a trade or business or for holding for production of income, and

"(C) with a useful life (determined at the time of such acquisition) of 6 years or more.

"(2) Purchase defined: For purposes of paragraph (1), the term 'purchase' means any acquisition of property, but only if—

"(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707 (b) (but, in applying section 267 (b) and (c) for purposes of this section, paragraph (4) of section 267 (c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants),

"(B) the property is not acquired from a person who controls, is controlled by, or is under common control with, the person acquiring such property, and

"(C) the basis of the property in the hands of the person acquiring it is not determined—

"(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

"(ii) under section 1014 (a) (relating to property acquired from a decedent).

"(3) Cost: For purposes of this section, the cost of property does not include so much of the basis of such property as is determined by reference to the basis of other property held at any time by the person acquiring such property.

"(4) Section not to apply to trusts: This section shall not apply to trusts.

"(5) Estates: In the case of an estate, any amount apportioned to an heir, legatee, or devisee under section 167 (g) shall not be taken into account in applying subsection (b) of this section to section 178 property of such heir, legatee, or devisee not held by such estate.

"(6) Dollar limitation where common control: In any case in which any person controls, is controlled by, or is under common control with, any other person or persons—

"(A) subsection (b) of this section shall be applied to the section 178 property acquired by all such persons, and

"(B) the Secretary or his delegate shall apportion the dollar limitation contained in such subsection (b) among such persons in such manner as he shall by regulations prescribe.

"(e) Regulations: The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(b) Technical amendment: The table of sections for such part VI is amended by adding at the end thereof the following new item:

"Sec. 178. Additional first-year depreciation allowance for small business."

(c) Effective date: The amendments made by this section shall apply with respect to taxable years ending after June 30, 1958.

Sec. 5. Increase of minimum accumulated earnings credit.

(a) Increase: Paragraphs (2) (relating to minimum accumulated earnings credit) and (3) (relating to accumulated earnings credit for holding and investment companies) of section 535 (c), and section 1551 (relating to disallowance of surtax exemption and accumulated earnings credit), of the Internal Revenue Code of 1954 are each amended by striking out "\$60,000" and inserting in lieu thereof "\$100,000."

(b) Effective date: The amendments made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1957.

Sec. 6. Installment payments of estate tax attributable to investments in closely held business enterprise.

(a) Installment payments permitted: Subchapter B of chapter 62 of the Internal Revenue Code of 1954 (relating to extensions of









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued July 24, 1958  
For actions of July 23, 1958  
85th-2d, No. 124

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HIGHLIGHTS: House passed Public Law 480 bill. Senate debated farm bill. House appointed conferees on reciprocal trade extension bill. Both Houses received proposed bill to provide revolving fund for USDA loans.

## HOUSE

1. FOREIGN TRADE; SURPLUS COMMODITIES. Passed under suspension of the rules, 195 to 52, S. 3420, to extend Public Law 480. (pp. 13392, 13435, A6607-08, A6634-35) As passed the bill provides as follows:

Extends titles I and II for 1 year, through June 30, 1959. Authorizes the sale of an additional \$1.5 billion of agricultural surpluses for foreign currencies under title I. Continues the present authorization of \$800 million for donation of surplus commodities to friendly countries under title II. Directs the Secretary to barter or exchange CCC surplus commodities, in an amount not to exceed \$500 million annually, for strategic materials or other materials of which the U. S. does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges, for materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or for materials or equipment required in substantial quantities for offshore construction programs. Prohibits the placing of restrictions, in carrying out barter or exchanges, on countries of the free world into which surplus commodities may be sold,



except where the Secretary has made a specific finding that a transaction will replace a cash sale for dollars. Provides that no material shall be excluded from barter by reason of the fact that it has been domestically processed, if provision is made for the importation of an equivalent amount of similar raw material. Directs the Secretary to assist farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials. Directs other Federal agencies to cooperate with the Secretary in the disposal of surplus commodities by means of barter or exchange. Authorizes the use of foreign currencies acquired under the program, as may be specified from time to time in appropriation acts, for the acquisition of sites and building and grounds abroad for U. S. Government use; financing trade fair participation and related activities; health programs; literacy and technical training programs and similar programs not specifically covered by other provisions of the bill; international educational exchanges; expansion and operation of American-sponsored schools and educational institutions abroad; supporting workshops and chairs in American studies; and financing an expanded program of locating, evaluating, translating, and acquiring foreign books, periodicals, and other publications outside the U. S. which are of scientific, technical, and cultural significance to the U. S. Authorizes the President to make any area under the jurisdiction of administration of the U. S., such as the Trust Islands of the Pacific and the Ryuku Islands, eligible to participate in the surplus commodities disposal and distribution programs under Public Law 480 and Sec. 32 of the act of 1935. Provides that in negotiating agreements for sales of commodities for foreign currencies the President shall take reasonable precautions to assure that such sales will not unduly disrupt normal patterns of commercial trade with friendly countries.

2. TRADE AGREEMENTS. Conferees were appointed on H. R. 12591, to extend the trade agreements authority. Senate conferees have not been appointed. p. 13392
3. CCC GRAINS. A subcommittee of the Agriculture Committee ordered reported H. R. 12555 and H. R. 13268, to authorize CCC to exercise the option of processing or reprocessing CCC stocks of grain, or to purchase commodities in such form in the open market, for donation purposes. p. D725
4. RECLAMATION. The Interior and Insular Affairs Committee "concluded the consideration and amending of H. R. 594, Fryingpan-Arkansas project bill, and ordered a clean bill, incorporating such amendments, reported to the House." p. D726
5. PERSONNEL AWARDS. Passed under suspension of the rules H. R. 488, to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement. p. 13392
6. APPROPRIATIONS. Conferees were appointed on H. R. 13066, the legislative branch appropriation bill for 1959. Senate conferees have not been appointed. p. 13392
7. SMALL BUSINESS. Passed, 131 to 5, with amendments S. 3651, to make equity capital and long-term credit more readily available for small-business concerns. pp. 13392-432
8. ELECTRIFICATION. Rep. Porter discussed the development of hydroelectric power in the Pacific Northwest and stated that "the administration's shortsighted power policy will lead us into a very serious power shortage in the Pacific Northwest." pp. 13435-37



combatant function, by notifying the Congress and then waiting 30 days. To prevent such action required the passage of a law. Under the House bill, a combatant function assigned to one of the military Services pursuant to the roles and missions contained in the National Security Act could have been transferred, reassigned, consolidated, or abolished upon the recommendation of the Secretary of Defense after he had consulted with the Joint Chiefs of Staff with respect to such action and had reported his proposed action to the Congress. However, if one or more of the Joint Chiefs of Staff had objected to the proposed transfer, consolidation, reassignment or abolition, the House bill required the Secretary of Defense to advise the Congress that he proposed to transfer, reassign, consolidate or abolish a major combatant function. In other words, under the House bill, a combatant function became a major combatant function when one or more members of the Joint Chiefs of Staff opposed a proposed transfer, abolition, consolidation or reassignment of a combatant function. Under the House bill when the Secretary of Defense proposed to transfer, reassign, consolidate, or abolish a major combatant function the Congress could have prevented such action by adopting a concurrent resolution in opposition to such action.

Thus, under the House bill, both Houses of the Congress had to act to prevent the consolidation, transfer, reassignment, or abolition of a major combatant function.

Under the Senate amendment, the Secretary of Defense may not substantially transfer, reassign, consolidate or abolish any function established by law to be performed by the Department of Defense or any officer or agency thereof until the expiration of the first period of 30 calendar days of continuous session of the Congress following the date on which the Secretary of Defense reports the pertinent details of the action to be taken to the Armed Services Committees of the Senate and House of Representatives.

Under the Senate amendment either Committee may report a resolution to its House stating that the proposed transfer, reassignment, consolidation, or abolition should be rejected because:

- (1) It contemplates the transfer, reassignment, consolidation or abolition of a major combatant function assigned to the military services by the National Security Act, and
- (2) If carried out, would impair the defense of the United States.

After such a resolution has been reported to either House, the proposed action cannot take place until the expiration of the first period of 40 days of continuous session of the Congress following the date on which the resolution is reported. If either House adopts a resolution in opposition to the proposed action, then the proposed transfer, reassignment, consolidation or abolition cannot be effected.

Under the Senate amendment, such resolutions of disapproval are privileged and a simple majority of either House is sufficient to prohibit the proposed transfer, reassignment, abolition, or consolidation.

The House conferees agreed to the Senate amendment with three modifications. The modifications contained in the conference report deal with the resolution that may be filed by either committee. Under the conference report such resolutions may apply to major combatant functions "now or hereafter" assigned to the military services by the National Security Act. In addition, the resolution shall state that in the judgment of the resolving House, the action, if carried out, would "tend to" impair the defense of the United States.

The words "now or hereafter" are added so as to be applicable to major combatant func-

tions that have now been agreed upon as well as those that may be agreed upon hereafter. Once agreed upon, they should be subject to congressional review.

The words "tend to" were agreed upon since it appears unreasonable to require that the Congress must definitely state that a proposed transfer, abolition, consolidation, or reassignment of a major combatant function would impair the defense of the United States rather than "tend to" impair the defense of the United States. Obviously, no resolution of disapproval will be recommended unless the defense of the United States is involved, but to justify the judgment of the Congress on the grounds that the proposed action flatly "impairs" the defense of the United States requires a finding that might be construed as impugning the motives of the Secretary of Defense.

The only other changes with respect to this portion of the Senate amendment dealing with the transfer, reassignment, consolidation, or abolition of combatant functions deals with the reference to the Reorganization Act of 1949. Under the Senate amendment, any resolution reported to either House shall be treated in the same manner as a resolution with respect to a reorganization plan reported by a Committee within the meaning of the Reorganization Act of 1949.

Since it is the intent of both the House and Senate conferees that a simple majority, rather than a Constitutional majority, is all that is required to approve such a resolution, the conferees agreed to add the language "as in effect on July 1, 1958" with respect to the Reorganization Act of 1949. Prior to the act of September 4, 1957, a Constitutional majority was required to set aside a proposed reorganization plan. Thus reference to the Reorganization Act of 1949 of and by itself might have been construed, at some future date, as requiring a Constitutional majority rather than a simple majority as is now the case in the Reorganization Act of 1949, as amended by the act of September 4, 1957.

In addition, under the language agreed to by the conferees, any future changes in the Reorganization Act of 1949 will not affect the simple majority requirement with respect to proposed consolidations, transfers, reassignments, or abolitions of major combatant functions under the conference report.

Thus the provision agreed to with respect to combatant functions recognizes the responsibility of the Congress as provided in the Constitution of the United States. It preserves to the Congress its prerogative of making the final determination as to the military needs and requirements of our nation.

The third area of disagreement deals with the right of the Secretary of a military department, or a member of the Joint Chiefs of Staff to present to the Congress, on his own initiative, after informing the Secretary of Defense, any recommendations relating to the Department of Defense that he may deem proper.

The Senate amendment eliminated this right with respect to a Secretary of a military department, and in addition, the Senate amendment provided that a member of the Joint Chiefs of Staff or the Joint Chiefs of Staff as a body could present to the committees of the Congress, rather than to the Congress, recommendations relating to the security of the United States, rather than recommendations relating to the Department of Defense.

The House bill reenacted the law which has been in existence for the past nine years which provides that a military Secretary and a member of the Joint Chiefs of Staff shall have the right to come to the Congress on

his own initiative, after first advising the Secretary of Defense, with respect to any recommendations relating to the Department of Defense that the military Secretary or member of the Joint Chiefs of Staff deem proper. The Senate conferees agreed to the language that was contained in the House bill. Thus it is a simple repetition of existing law.

Minor changes were also made with respect to the provision dealing with unified or specified combatant commands.

Under the House bill, the President with the advice and assistance of the Joint Chiefs of Staff and acting through the Secretary of Defense, was authorized to establish unified and specified combatant commands for the performance of combatant missions.

The Senate amendment contained the same language, but referred to the missions as "strategic" missions. The words "combatant missions" were objected to on the grounds that they carried a connotation of combat, whereas some unified commands, such as those in the Antarctica and other areas, might be considered noncombatant in nature, but of strategic importance. On the other hand, the use of the words "strategic missions" in a strict military interpretation might be interpreted so as to preclude the establishment of tactical missions. The House and Senate conferees agreed to substitute the words "military missions" in lieu of "combatant missions" or "strategic missions." The words "military missions" are sufficiently broad to include combatant missions, strategic missions, and tactical missions.

The Senate amendment, with respect to unified and specified commands, also provided that each military department would be responsible for the administration of the forces assigned from its department to such combatant commands "except when the Secretary of Defense determines that for the purposes of efficiency such responsibility should be assigned to another military department." The House bill permitted the responsibility for the support of forces assigned to combatant commands to be vested in one or more military departments as directed by the Secretary of Defense. However, the House bill did not permit the Secretary of Defense to place the responsibility for the administration of forces from one military department to be placed in the hands of another military department.

There may be times when the support of such combatant commands should be placed in the hands of one military department for the purposes of efficiency and economy, but the administration of such forces carries with it far greater connotations dealing not only with discipline, promotion, and personnel policies, but could conceivably be construed to include almost all policies under which the military department operates and are separately organized. The Senate conferees agreed to the deletion of the words "except when the Secretary of Defense determines that for the purposes of efficiency such responsibility should be assigned to another military department."

The Senate amendment also provides a statutory basis for the National Guard Bureau, including its Chief. The House agreed to this portion of the Senate amendment.

In addition, the Senate amendment provides that the elimination of three Assistant Secretaries of the military departments plus the reduction from 9 to 7 of authorized Assistant Secretaries of Defense, should not become effective until six months after the enactment of this legislation. The House conferees agreed to this provision.

All other provisions of the Senate amendment which were agreed to by the House conferees are technical in nature and deal with



code references, changes in section numbers, and the elimination of unnecessary language.

CARL VINSON,  
OVERTON BROOKS,  
PAUL J. KILDAY,  
CARL DURHAM,  
By R. W. S.  
L. MENDEL RIVERS,  
L. C. ARENDS,  
H. H. GAVIN,  
JAMES E. VAN ZANDT,  
WILLIAM G. BRAY,

*Managers on the Part of the House.*

#### AUGUST WIDMER

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 7729) for the relief of August Widmer, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 3, after "act" insert "": *Provided further*, That the exemption granted herein shall apply only to a ground for exclusion of which the Department of Justice or the Department of State has knowledge prior to the enactment of this act."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

#### RELIEF OF CERTAIN ALIENS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the resolution (H. J. Res. 589) for the relief of certain aliens, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, strike out lines 3 to 8, inclusive, and insert "That, for the purposes of the Immigration and Nationality Act, Annie Bertha Yarnold shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited or prescribed by section 213 of the said act."

Page 1, strike out line 11 and insert "Ngow Lee", and Maximo C. Angeles."

Page 2, after line 20, insert:

"Sec. 4. For the purposes of the Immigration and Nationality Act, Helen Demouchikous shall be held and considered to have been lawfully admitted to the United States for permanent residence as of September 17, 1948, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

#### LEGISLATIVE BRANCH, APPROPRIATION BILL, 1959

Mr. NORRELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 13066) making appropriations for the legislative branch for the fiscal year ending June 30, 1959, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. NORRELL, KIRWAN, ROONEY, CANNON, HORAN, BOW, and TABER.

#### CALL OF THE HOUSE

Mr. SPRINGER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 140]

Ashley	Gordon	Radwan
Bass, Tenn.	Gwinn	Sadlak
Boggs	Hoeven	St. George
Buckley	Hoffman	Shuford
Burdick	James	Smith, Kans.
Dies	Jenkins	Talle
Dowdy	Kearney	Taylor
Eberharter	Minshall	Trimble
Edmondson	Morris	Vursell
Engle	Moulder	Watts
Feighan	Poage	Williams, N. Y.
Friedel	Powell	
Gavin	Prouty	

The SPEAKER. On this rollcall 393 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT OF 1930, AS AMENDED

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. MILLS, GREGORY, FORAND, REED, and SIMPSON of Pennsylvania.

#### AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill, S. 3420, as amended, which the Clerk will report by title.

The Clerk read the title of the bill.

Mr. JUDD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. JUDD. Mr. Speaker, this motion comes under suspension procedure on the bill we considered Monday, so it takes a two-thirds vote to pass it?

The SPEAKER. The Chair thinks that is generally true.

Mr. JUDD. If one-third of the Members of the House—

The SPEAKER. That is not a parliamentary inquiry. The gentleman is trying to make a speech.

The question is, Will the House suspend the rules and pass the bill, S. 3420, as amended?

Mr. JUDD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. JUDD) there were—ayes 195, noes 52.

So, two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### MEDAL FOR DISTINGUISHED CIVILIAN ACHIEVEMENT

The SPEAKER. The further unfinished business is the question on suspending the rules and passing the bill H. R. 488 to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### COMMITTEE ON PUBLIC WORKS

Mr. FALLON. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may have permission to sit this afternoon during general debate.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### HOOR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet tomorrow at 11 o'clock a. m.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### SMALL BUSINESS INVESTMENT ACT OF 1958

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 618 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S.



Mr. CELLER. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

#### CORRECTION OF ROLL CALL

Mr. AVERY. Mr. Speaker, on roll-call No. 139, on July 22, my colleague the gentleman from Missouri [Mr. CURTIS] is recorded as being absent. The gentleman from Missouri advises me that he was present and answered to his name, and in his behalf I ask unanimous consent that the permanent Record and the Journal be corrected accordingly.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### UNITED STATES MUST EXTEND AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT

Mr. MOORE (at the request of Mr. AVERY) was given permission to extend his remarks at this point in the Record.

Mr. MOORE. Mr. Speaker, I want to take this opportunity to voice my support of legislation to extend Public Law 480, the Agricultural Trade Development and Assistance Act. It is most regrettable that Congress has let this vital program expire. It is even more unfortunate that the bill which we have under discussion today would cripple and handicap the Secretary of Agriculture in dealing with this problem of disposal of our huge supply of surplus farm commodities.

There has been much criticism of the farm programs advocated by the Secretary of Agriculture, although I for one do not believe such criticism has had any basis in fact. But, in regard to this program of disposing of our surplus farm products on the world markets either in exchange for other goods or for foreign currencies, there has been apparent accord that this is a good and well managed program even among the most outspoken critics of the administration's policies. Consequently, it is difficult, if not impossible, to rationalize or justify the amendments S. 3420 would make to Public Law 480, which would impose certain mandatory requirements on the Secretary of Agriculture in dealing with the disposal of surplus commodities. Such stringent requirements would destroy the flexibility of the program which has been largely responsible for its success during the past 4 years.

I urge my colleagues to support S. 3420, and to vote for appropriate amendments which will strike the mandatory provisions and allow the program to be used at the discretion of the Secretary of Agriculture whenever and wherever such disposal, sale or trade of these surplus commodities will inure to the best interests of the United States Government and to promote the economic well-being of our Nation's farmers.

#### THE NORTHWEST FACES A POWER SHORTAGE

(Mr. PORTER (at the request of Mr. McCORMACK) was given permission to extend his remarks at this point in the Record, and to include extraneous matter.)

Mr. PORTER. Mr. Speaker, it is necessary that I take the floor today to show that, unless reversed, the administration's shortsighted power policy will lead us into a very serious power shortage in the Pacific Northwest. We must look beyond today's soft aluminum markets and the general economic recession, which have sharply reduced the demand for power in the Northwest; we must remember that we will not always be favored with a greater than normal runoff, as in the winter just past; and we must take action now to expedite planning and construction of additional Federal hydroelectric power projects which will permit a continuation of the economic growth and development of the great Northwest.

#### CRITICAL YEARS AHEAD

Informed persons, interested in the growth of the economy of the Pacific Northwest, have been predicting that our region faces a critical power shortage by the middle 1960's, if not sooner. Therefore, I was greatly surprised when Secretary of the Interior Seaton stated last February in Portland, Oreg., that he did not see that the Pacific Northwest faces a power shortage. I immediately wrote the Secretary and asked for the supporting data on which his conclusions were based, including detail with regard to the projects under construction and in the planning stage which he thought would prevent a power shortage in the immediate future.

Not surprisingly, in response to my inquiry, Secretary Seaton advised that he had assumed that his statements were merely confirming the consensus as reported in an article in the Portland Journal. The article referred to, of course, was based on information given by the Secretary's own Bonneville Power Administrator, Dr. William Pearl, and Paul B. McKee, president of a large Portland-based private utility. One might almost suspect that the story had been planted to carry out the Secretary's purpose of leading the Northwest to believe that all was well on the power front, so as to draw attention away from the administration's partnership policy, the Hells Canyon giveaway, and other mistakes made by the administration in this field.

Nevertheless, to substantiate his position, the Secretary presented charts and statistics purporting to show that, while there would be insufficient hydroelectric power for firm loads beginning in 1963 under critical water-year conditions, by the use of all resources, including high-cost steam power and possible imports from other regions, the shortage would not be felt by firm loads until 1965. The Secretary's charts show that after 1958-59, no hydroelectric power will be available for interruptible loads under critical water conditions, but that such loads can be met in critical water years by the use

of high-cost steam power and possible imports until 1964.

The Secretary dismisses these shortages by calling attention to the fact that the charts also show that under median month water years there will be enough hydro power for the interruptible loads until 1966, and that by the use of the high-cost steam power and possible imports, the interruptible loads could be carried through 1967.

After examination of the Secretary's analysis, I find it necessary to take issue with him on several counts.

#### FORECASTS ARE LOW

First, the Secretary's load forecasts are very probably too low. Traditionally, requirements for electrical power in the United States have about doubled every 7 years. Secretary Seaton's charts are based on an estimate of only a 50-percent increase in electric power requirements in the northwest power pool from 1958 to 1967. At that rate it would take 15 years for the Northwest power loads to double.

Or contrast the Secretary's predictions with those contained in Electrical World's last annual forecast of the electrical industry, published September 2, 1957. It predicts that use of electrical energy in the United States will increase about 100 percent in the 1958-67 period. Even this is a slower rate of growth than has been experienced in the past.

Does the Secretary think the recession, with its attendant reduction in demand for power is going to last so long that the Nation's power load growth will be cut in half? Or does he think that our great Northwest, which in essence is and has been the very frontier of expanding economic and industrial development, is going to become, powerwise, and in terms of new industry, one of the more backward regions of the United States?

Secondly, the Secretary's reliance on the prevalence of median month hydro conditions to show a surplus of power over requirements does not give weight to the fact that critical water year conditions might appear at any time, and that median month conditions will be achieved only half of the time.

Has the Secretary been lulled by the soft aluminum market, the general economic recession, and the fact that the Pacific Northwest has just experienced one of the best water years on record, into thinking that the Northwest's power needs in a critical year can be met with capability based on median month year water conditions? Or does the Secretary want to slow down the growth of the power-consuming industries in the Northwest that depend on low-cost hydro power for their very existence?

#### WHERE IS THE MARGIN?

Thirdly, the Secretary says nothing about the need for a margin of capability over peak loads in order to take care of possible equipment failure, and to have power available to induce new industries to locate in the Pacific Northwest. I can well understand the Secretary's reluctance to mention this factor, because recent surveys of the electric power industry by the Edison Electric Institute pub-



lished in the institute's semiannual electric power survey of October 1957, show that the power system in the area served by the West Division of the Northwest Power Pool has the lowest margin to be found anywhere in the United States. For the estimated December 1957 peak loads, the Edison Electric Institute showed the Northwest to have only a 3.9 percent margin under median hydro conditions, compared with an average of a 16.7 percent margin for the United States as a whole.

Had we experienced an adverse water year, the institute shows that the Northwest's capability would have been 11.8 percent less than needed to carry the estimated December 1957 peak loads—in other words, a deficit in power that would have had to have been made up by importing power from other areas or by artificial curtailment of loads, had not the Secretary been bailed out by a good water year and an easing of the demand for power.

Furthermore, the Edison Electric Institute's survey forecasts a continuing deficit in margin in the Northwest through 1960—the last year of the survey—under adverse hydro conditions. For the United States as a whole, the institute shows a favorable margin of from 13.8 to 20 percent, even under adverse hydro conditions. Will the Secretary continue to be lucky enough to have a combination of uncommonly high water and reduced economic activity coincide to assist in overcoming the power deficit in the Northwest?

Although the Secretary relies heavily on the article in the December 29, 1957, Portland Journal to support the position he is taking, it is interesting to note that the Portland Oregonian has not been misled in the same manner. In an editorial entitled "Weak Spots in Power," on April 27, 1958, the Oregonian included the following statement:

As of this moment, Bonneville has surplus power to sell, both firm and interruptible. But the firm power it has to offer in big chunks is on a temporary basis. And, of course, interruptible power, as its name implies, must be withdrawn if low water stages makes its delivery impossible.

This temporary surplus of power is not attractive to big power-using industries because it cannot be sold on contracts long enough to assure repayment of plant investments and long-time profits.

From my study of the material sent me by the Secretary of Interior, I can only conclude that he is deliberately pursuing a policy that is intended to deprive the Northwest of the use of its natural endowment—low cost hydro-electric power—in attracting and holding new power consuming industries.

I believe that this policy must be reversed. We must continue to harness the great natural resources of the Northwest in order to make new opportunities for our people by attracting new industries, and by strengthening and expanding our existing industries. Strengthening the economic base of the Northwest will, in turn, strengthen the entire Nation.

#### OREGON UNEMPLOYMENT CONTINUES HIGH

I think it should be noted for the record that Oregon's unemployed in mid-

June totaled 42,500. This is a decline of 11,600 from the previous month, according to the State unemployment compensation commission. But the 42,500 total far exceeds the mid-June 1957 figure of 25,600.

The Oregon State Unemployment Compensation Commission reported payment of \$1,958,460 in benefits in June, or nearly \$900,000 more than in June 1957. A year ago the State agency paid \$1,061,553 in benefits.

How do we strengthen the economic base of the Northwest?

As a positive major step now, I will continue to urge a speed-up in planning of power development projects in the Northwest, followed by immediate construction funds. There is pressing need for construction of Little Goose, lower Granite, and lower Monumental Dams on the Snake River above Ice Harbor Dam in the State of Washington. There is need for a speed-up in construction of John Day Dam in eastern Oregon. And there is a current and future need for an accelerated construction program for Green Peter Dam in Linn County in the Fourth Congressional District of Oregon.

Mr. Speaker, under unanimous consent I insert Secretary Seaton's April 4, 1958, letter to me in the RECORD at this point:

THE SECRETARY OF THE INTERIOR,

Washington, D. C. April 4, 1958.

HON. CHARLES O. PORTER,

House of Representatives,

Washington, D. C.

DEAR MR. PORTER: Your office was advised on March 14, 1958, that we would defer replying to your letter of February 25 regarding the power situation in the Pacific Northwest until we could make available charts and other materials then in the process of reproduction. In your letter you express surprise at finding that I "do not see that the Pacific Northwest faces a power shortage" and add that many persons from that section "have been in my office to tell me that a very serious power shortage is anticipated in the next few years."

While the item from the Portland Journal which you attached is described in your letter as an account of my recent speech in Portland, it should be noted that the newspaper item in fact grew out of and relates to statements made by me at a press conference. Since those statements were made from notes, I am unable to accommodate you in your request for a copy of a speech relating to Northwest power. I am pleased, however, at the opportunity to discuss briefly with you the bases for my comments regarding the power situation in the Pacific Northwest, a subject which I know is of interest to both of us.

In replying as I did to a question at the Portland press conference involving the power situation in the Northwest I had assumed that my statement would be viewed as nothing more than confirmation of the consensus of opinion in that area in light of the overall increased power production capacity during the past several years. To demonstrate, first, my point that my statement reflected rather widespread local belief I would like to quote from sources located in your own State of Oregon and then make brief reference to official records of this Department upon which I based my conclusions.

Almost exactly 6 weeks before my Portland press conference the Portland Journal carried an article on the same subject written by Editor at Large Tom Humphrey, the accuracy of which I have been unable to challenge. A story published in the Journal of December 29, 1957, carried the headline

"Power Shortage End Promises Northwest Growth." I should like to quote excerpts from that article:

"Headline of the year, as far as many prospective new industries are concerned, is that this area's power shortage is over.

"Only exception is a possible lack for huge power users, in relation to employment, such as aluminum reduction—and expansion in that area isn't being contemplated anyway.

"Even median water conditions now will assure enough power, Federal and non-Federal combined, for all ordinary industrial and domestic demands in the next decade. \* \* \* A power shortage, even in a critical water year, is unlikely before 1965-66 for this region.

"The optimistic figures are not guesswork or wishful thinking. They are the consensus of such power authorities as Dr. William Pearl, Bonneville Power Administrator, and Paul B. McKee, president of Pacific Power & Light. They are backed by thoroughgoing engineering studies and by the fact that seven Federal projects now under construction will increase capacity of the BPA system by more than 2 million kilowatts by June, 1967.

"Here is how Dr. Pearl puts it: 'We are no longer on a power shortage basis. Power now is available for any normal industrial demand. We are not entirely out of the woods, but the situation is much brighter than it was even a year ago.'

On January 31, 1958, in a speech before a City Club meeting in Portland, the chairman of the Oregon Water Resources Board, L. C. Binford referred to "the desperate need of the Northwest for power," and then declared—significantly it seems to me in light of your questioning of my statement—

"If all the hydro plants under construction or licensed are completed on schedule we may, except for bad water periods, have enough hydro power to keep up with the load until 1963."

It will be noted that this statement refers only to hydro power.

In its February, 1958 issue (vol. XII, No. 2, p. 1) of the bulletin, the Pacific Northwest Development Association carried this statement:

"Despite many obstructionary forces, during the past few years reclamation, flood control, river improvement, and conservation projects have been moving forward at a good rate. Energy producing projects, most of which are non-Federal, along with the Federal multipurpose projects, are now being constructed fast enough to meet the normal foreseeable needs for the next 5 or 6 years."

I turn now to summaries prepared within the Department by the Bonneville Power Administration and the Bureau of Reclamation and bearing on the subject of Pacific Northwest power. All of the figures given, as well as the attached tables, apply to the Federal and non-Federal powerplants in the West Group Area of the Northwest Power Pool, i. e., the area generally recognized as the area of operation of the Columbia River power system.

In terms of name plate ratings, the installed capacity in the West Group Area as of January 1958 stood at 7,602,000 kilowatts. An additional total of 4,995,200 kilowatts were actually under construction, of which 2,728,250 were Federal and 2,266,950 kilowatts were non-Federal. Kilowatts licensed by the Federal Power Commission for construction but not underway stood at 1,090,000; and, finally, a total of 2,773,000 kilowatts were actively in the planning stages by non-Federal entities, that is, permit or license requests were pending before the Federal Power Commission.

This means that completion of projects now actually under construction will bring



between 2 communities, a practice in which we have not heretofore engaged and one which does not contribute to an efficient and effective military unit. We have been given to understand that the troop basis is subject to negotiation, and we will make strong representation to increase the unit allotment beyond 80.

Our immediate concern is in connection with the maximum strength authorized under the proposed reorganization. Currently the Army National Guard of Minnesota has a strength of 8,792 officers and men available for service and we are 67 percent of authorized war strength. Under the proposed reorganization, all but a few of our units will be authorized to be organized on only a 52 percent of war strength basis, with a maximum of 7,150. This will result in a loss of over 1,600 officers and men and will be seriously felt in all of the 65 communities in Minnesota in which the Army National Guard is organized. It is evident that this proposed allotment of 7,150 officers and men is predicated on a national overall strength of the Army National Guard of 360,000 and not the 400,000 which Congress has heretofore authorized and is in the process of authorizing for the current year. I sincerely trust that you will strongly support the strength figure of 400,000 in the respective committees and on the floor of Congress for this is vital to reducing the seriousness of the impact of this reorganization throughout the State of Minnesota.

I wish to also add that it is apparent that once the 400,000 strength is authorized by the Congress, it will be necessary to vigorously follow up the authorization to see that administration officials proceed with the reorganization of the National Guard on a 400,000 strength basis in accordance with the will of Congress and the desires of the States.

It is quite evident it is the intent of the Department of Defense to ignore the Congress and the strong position in support of a nationwide strength of 400,000, which the governors of all the States and Territories took at their recent Miami conference, in the Army's announced action establishing the Army National Guard on the basis of 360,000. In the light of the international situation and our scores of global mutual-security agreements, reduction of the National Guard both as to units and officer and enlisted strength at this time would appear to be ill conceived if not dangerous. It is difficult to understand that the announcement of the Secretary of the Army concerning this reorganization of Reserve Forces should, on the one hand, contemplate the destruction of well trained units in being of the National Guard and the organization of 15 of the National Guard Divisions at less than full organizational strength, while directing the organization of new units of other elements of the Reserve and prescribing an organizational plan for Reserve divisions, which authorizes all organizations of the division to be organized. There exists a strong suspicion in the minds of many of our governors, which I am beginning to share, that there are many in authority in the Pentagon and perhaps elsewhere in Washington, who do not like the State-Federal status of the National Guard and would destroy it or render it impotent. I am sure that this is not the will of our people and that you and I and all others who may reflect their voices and actions in supporting a strong and virile National Guard, will be ever vigilant in seeing that this does not occur.

Yours very truly,

ORVILLE FREEMAN,  
The Governor, State of Minnesota.

#### State of Minnesota Army National Guard— Allotment of troop units

PROPOSED ALLOTMENT OF UNITS	
Type of organization or separate unit:	Number of units
1 State headquarters and headquarters detachment.....	1
1 field artillery battalion 155-millimeter howitzer tow.....	5
1 signal area operation battalion.....	5
1 transport truck battalion.....	4
1 Infantry division (less 2 battle groups).....	65
Total number of units.....	80
Maximum authorized strength.....	7,150

CURRENT ALLOTMENT OF UNITS	
1 State headquarters and headquarters detachment.....	1
1 Infantry division (less 1 regular combat team).....	67
1 transport truck battalion.....	4
1 antiaircraft artillery group.....	15
Total number of units.....	107
Present strength.....	8,792
Total proposed reduction in units.....	27
Total proposed reduction in strength.....	1,642

JULY 18, 1958.

Hon. NEIL M. McELROY,  
Secretary of Defense,  
The Pentagon, Washington, D. C.

DEAR MR. SECRETARY: Since you are the President's chief civilian adviser in the military and on military matters, I am taking the liberty of forwarding to you a copy of a letter I have just sent to him, urging reversal of the decision to cut back the National Guard strength.

May I respectfully ask that you use your influence with the President to secure withdrawal of the proposal to cut back which would do immeasurable damage to this portion of our citizen army. As a civilian, you will perhaps regard these matters a little differently from the President whose views naturally are colored by his long service in the military. Your understanding of the basically civilian-minded nature of the people of this country will perhaps be of assistance to the President in his review of the need and importance of the National Guard.

I wish to thank you in advance for your courtesy and cooperation in this important matter. As time is pressing, may I ask an early reply to this request.

Respectfully yours,  
Congresswoman COYA KNUTSON

#### Public Law 480

#### SPEECH OF

#### HON. J. FLOYD BREEDING

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 21, 1958

Mr. BREEDING. Mr. Speaker, as Representative of the Fifth District, Kansas, one of the largest wheat-producing districts in the United States, I am very concerned with the surpluses in our Nation today. Therefore, I would like to take this opportunity to make known my full support of Public Law 480 for the following reasons:

This law has helped to reduce the surplus of farm products in our country for

both public and private interests. Storage space is at a premium in my area. We must dispose of a great portion of our present surplus to make room for this year's crops. This is the first good crop that my district has had in 6 years. Under Public Law 480 we are exchanging wheat and other surplus farm products to friendly countries. We are taking foreign currency and using it to improve the living standards of these countries and also to bear the expense of maintaining our own Government officials and military in those countries.

I feel that if this program can be maintained, it will not only tend to make better understanding of countries throughout the world but will pave the way for peace and good will throughout the world.

Mr. Speaker, under this law the United States has exported nearly \$4 billion in farm products since its enactment in 1954. This amount is nearly one-fourth of all our farm exports during that time.

Donations of these surplus products of ours has been a life source in countries who have been hit by famine, drought, and other disasters; thereby creating good will in many depressed areas of the world.

By putting a great portion of our surpluses into this program we have been able to moderately reduce our surplus at home and to save millions of dollars in storage and loss.

Also, under the barter system, which is a part of this law, we have been able to trade for many strategic materials necessary for our security and welfare. Nearly \$900 million of the total amount of this program has gone into this barter transaction.

Also, for the needy people here in our own country, over 3 million Americans received commodities under this program last year.

Our school lunch program is also included in Public Law 480 and has received many supplies.

Mr. Speaker, an amazing thing to me and one that all our farmers are proud of is the fact that we farmers of America, with modern methods, producing from 280 million acres of tillable land with approximately 6 million farmers, can produce more than 170 million American people can consume and dispose of. Yet Russia with nearly 430 million productive acres and over 50 million farmers can hardly feed herself. It proves to me that our ability to produce agriculturally is perhaps our greatest asset for the security of the free world.

In short, it may be said that Public Law 480 has made it possible to utilize surplus farm products to pay a part of the cost of diplomatic and military missions in friendly countries; to pay a part of the cost of military and economic aid; to acquire additional strategic materials through a barter system to create economic development loan funds in friendly countries through sales for foreign currencies; to utilize American food surpluses for famine relief; and donations of food to religious and other charitable relief agencies.



As a result of exports under Public Law 480, we have exported 664 million bushels of wheat since its enactment; this is two-thirds of a normal year's crop in our country. A moderate reduction in our surpluses has been achieved.

In conclusion, Mr. Speaker, I would like to say again that I concur heartily with the provisions of Public Law 480 and recommend its passage.

### The Hopeless Hope

#### EXTENSION OF REMARKS

OF

HON. WILLIAM E. JENNER

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Wednesday, July 23, 1958

Mr. JENNER. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an article entitled "The Hopeless Hope," written by Dr. Frederick Brown Harris, and published in the Washington Sunday Star.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### THE HOPELESS HOPE

(By Dr. Frederick Brown Harris, Chaplain of the United States Senate)

The hopeless hope, is a pungent phrase coined by one of the world's outstanding women—the First Lady of the Republic of China, Madame Chiang Kai-shek. It connotes the hopelessness of allowing any psychology of fear to determine the attitude and action of the free world as it faces the Communist conspiracy. This talented Christian leader who, on her visits to these shores, always captures America by her courage, her conviction and her charm, recently delivered a notable message at the University of Michigan. Facing boldly the contemporary hand wringing over the horrors of modern war, she declared, in a timely warning, that for some people, freedom and the value of human dignity which we were taught to cherish above all else had begun to be secondary to biological survival. "It is a tragedy," she said, "that some powerful minds have allowed themselves to be enmeshed in arguments over means such as relaxation of tension, appeasement, and finally slavery better than annihilation, groveling in the hopeless hope that life would be spared them." Then she added that those who take that attitude are ignoring the fact that if total darkness should fall upon the world, it would be they who have made the Communist conquest possible by destroying the will to fight.

Here is a practicing Christian, always bearing witness to her faith, declaring that the will to fight, the will to stand firm, must be kept at any cost. There were voices in the recent conference of Anglican bishops at Lambeth who represented those who, with quaking knees, are venturing to say that rather than bring the holocaust of nuclear war upon the earth, it would be better to allow the ruthless Soviets to accomplish their avowed goal of world domination. Such an attempt for peace in our time, Madame Chiang warns, is a hopeless hope. The hope of the world is in that knightly battalion of resisters, of which that great woman of free China is so inspiring an example as she sounds the solemn warning about the hopeless hope of coexistence. She and the generalissimo, living and serving as they do on the very edge of the Marxist inferno running

its terrible course on China's mainland, belong to the noble army who have dared for a high cause to suffer, resist, fight, if need be, to die.

The clarion warning brought to America regarding the hopeless hope finds the sound of a great Amen in many editorials and columns in the public press. It is here, again and again, that genuinely Christian pulpits are set up. Here are ringing sentences lifted from one such recent statement, infinitely more Christian than the shameful suggestions of surrender from the lips of some ecclesiastics. "We have too great a faith to heed the craven voices—to say farewell to all our greatness, to surrender and submit. All the clanking apparatus of an iron empire with its many millions of slaves in uniform, with all its menace and threats, will not overwhelm this land nor terrify our people. Americans have fought before. They will fight again that freedom and mercifulness and goodness of heart shall not perish from the face of the earth." And to that, from millions and millions of true American hearts, comes thunderous approval.

Because of the faith which is the very breath of our democracy, where the rulers are not the elect, but the elected, America will continue to challenge the sinister system which we faced in spite of consequences in the horror and glory of the Korean struggle. Had we thrown Korea to the wolves of aggression, America could never have lived with herself again without loathing. And she must never rest until Korea's sundered body is united. If America stood aside now, while free nations are enslaved, she would be signing her own national doom. And so we insist that the pertinent message of Madame Chiang about the hopeless hope belongs under spires. For every spire is the symbol of a righteous sword. A peace gained by constant retreat because of the threatening blackmail of superior force is not peace, but war. Whenever a system with a completely unethical purpose to conquer the world reaches the stage of aggressive hostility a part of its technique is always to develop disarmament propaganda in the nation against whose life it is plotting. To weaken the national striking power is to vote to make it inevitable that the democracies shall be forced to do the bidding of moral perverts who have been allowed to fashion a preponderance of swords. Of course, force is never the last word. At best it but clears the way for the constructive agencies of friendship, good will, and cooperation to do their healing work so that at last swords can be turned into plowshares.

Men and women of religious faith, for whom the spiritual verities, denied and derided by the present-day rampant "gates of hell," to use a term which fell from the lips of Jesus, are now facing evil in forms as ugly and malignant as that which lifted Christ on two crossed beams of wood at the place called Calvary. Nothing but slavery awaits democracy, which, at its best, is the political expression of Christianity if it deigns to bargain in the deadly conflict now raging. Any appeasement of the heinous forces on the rampage directed by the mad master of the Kremlin would be but surrender on the installment plan. Every true democrat is a soldier in the front line trenches in this massive assault of demonic forces which trample with scorn upon the spiritual verities which flame in the teachings of the prophets of Israel and which are at the heart of the Christian revelation.

But this is the victory that overcometh even our faith. And we shall win, not because God is on our side, but because with a cross that turns not back we are on God's side. We shall fight to victory for the sovereignty of God, the omnipotence of love, the dignity of man, and the worth of moral values. But someone, looking with poignant desire at the hopeless hope for some face-

saving pact with devilry, says plaintively as he shudders at the possible cost of resistance: "But a man must live."

"But is it so? Pray tell me why Life at such cost you have to buy. In what religion were you told a man must live?"

There are times when a man must die. Imagine for a battle cry this coward's whine,

This liar's lie—a man must live. The Saviour did not live. He died. But in His death was life for all mankind."

### Public-Be-Damned

#### EXTENSION OF REMARKS

OF

HON. RICHARD E. LANKFORD

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 23, 1958

Mr. LANKFORD. Mr. Speaker, the recent action taken by the House Appropriations Committee in deleting from the supplemental appropriations bill funds for land acquisition for extension of the George Washington Memorial Parkway was a tragic mistake. Study after study has been made of the Washington area and the problems brought about by the polluted Potomac. It has long been recognized that the Potomac River could be one of Washington's greatest assets. There is no question in my mind that its shores must be preserved from undesirable uses. The parkway would extend from the District line to Fort Washington in Prince Georges County, Md. The authority has existed for this parkway since 1930. The vast majority of my constituents feel most strongly that the parkway should be built and that park land should be provided along the shores of the Potomac. With the ever increasing pressures of metropolitan expansion, if this parkway is not provided, the land adjacent to this historic river will be carved up into subdivisions which would in turn be subject to health hazards and all other forms of inappropriate development. Millions of visitors each year visit Mt. Vernon. To allow unsightly developments to be created across the river from this magnificent memorial is unthinkable. Plans have now reached the advanced stage for the construction of the Woodrow Wilson Bridge which is to connect directly with the George Washington Memorial Parkway. Unless these two great projects are coordinated, land costs and values will mount to the point where it will be economically unfeasible to acquire the parkway land. It is my earnest hope that the Senate will restore this project which is so important to our Nation and that the House conferees will accept the Senate's action.

I wish to commend to all Members editorials which appeared in both the Washington Post and Times Herald and the Evening Star pointing up the need for extension of the parkway.

For the committee to base its action on the fact that local roads now serving the area are adequate, to me, indicates



agency to control airspace. It goes to the House, where, ironically, Representative OREN HARRIS, of Adams-Goldfine fame, expects to secure its approval by force of his knowledge and prestige.

A special laurel wreath is due to the Republican Senate leader, WILLIAM F. KNOWLAND in all these matters. At least the majority leader, Senator LYNDON JOHNSON, and Speaker RAYBURN get some press attention for their accomplishments.

Senator KNOWLAND has stayed on the job here though his own campaign for governor of California, with all it means to his future, is bogging down. He has kept his promises to his Democratic opposite numbers and muffled criticism of a White House of whose acts he disapproves often more severely than any Democrat. It is evidence of that character which makes it hard for informed observers to get mad at KNOWLAND, whatever they may think of his views.

## Closing a Loophole in Our Tax Laws

### EXTENSION OF REMARKS

OF

## HON. KENNETH B. KEATING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 14, 1958

Mr. KEATING. Mr. Speaker, on March 27 of this year I introduced H. R. 11691, a bill to amend the Internal Revenue Code in order to prohibit the deduction of expenses or losses incurred in illegal wagering. This measure was prompted by the Supreme Court's recent ruling that operators of gambling enterprises may deduct as ordinary and necessary business expenses amounts expended to lease premises and hire employees, even though their business is illegal.

As the law now stands, therefore, the bigtime gamblers of America are provided an open invitation to deduct just about any item they feel is essential to their operations, including police protection and thugs to intimidate competitors. My bill would put an end to this by prohibiting any such deductions if the expenses were incurred in furtherance of a gambling enterprise which is illegal under State law.

This proposal has gained wide support from various groups all over the country. Among the many editorials and articles which have come to my attention dealing with this subject, I enjoyed particularly a piece penned by Fred G. Stickel. In his weekly column, The Judge Says in the Caldwell Progress-Verona News of June 30, 1958, Mr. Stickel expresses his thoughts in a most readable style. I commend this unique column to the attention of all Members of Congress. I hope it will help spur action on this vital measure. Under leave previously granted, I insert it at this point in the RECORD:

THE JUDGE SAYS

(By Fred G. Stickel, Jr.)

THE LOOPHOLE

Many of the United States Supreme Court decisions have recently been under severe criticism from highly responsible and knowledgeable sources. Defenders of the Court have contended that loose or improperly

drawn legislation has made necessary decisions censured by some and that the decisions do not constitute judicial legislation or invasion of the province of the legislative branch of government or the imposition of personal policies and viewpoints or unrealistic reasoning stemming from inexperience and too long residence in an ivory tower and not enough exposure to the stream of life. The case of *Commissioner v. Sullivan*, decided by the Court in March of 1958, might well be seized upon to illustrate the views of critics and supporters of the Court. And, incidentally, the decision was unanimous, which of itself is something for which the Court might be praised.

The question was whether amounts expended to lease premises and hire employees for the conduct of alleged illegal gambling enterprises were deductible as ordinary and necessary business expenses within the meaning of the Internal Revenue Code.

The Court held that they were so deductible even though the taxpayers received income from bookmaking establishments in Chicago, Ill., and even though the Tax Court found these enterprises were illegal under Illinois law, that the acts performed by the employees constituted violations of that law, and that the payment of rent for the use of the premises for the purpose of bookmaking was also illegal under Illinois law.

Another unnecessary blow to law enforcement, a decision favorable to the law violator, and against the law-abiding and at the expense of the taxpayer, say the critics. Why should not the Court have cooperated with Illinois in the enforcement of its laws against gambling, continue such critics.

But, say the Court's defenders, the job of the Court is to interpret the law, not make it, and one of the criticisms of the Court is that too often it does make law.

The Court itself said: "Deductions are a matter of grace and Congress can, of course, disallow them as it chooses. At times the policy to disallow expenses in connection with certain condemned activities is clear." Here in the opinion of the Court the policy of Congress wasn't clear. "If we enforce as Federal policy the rule espoused by the Commissioner in this case," says the Court, "we would come close to making this type of business taxable on the basis of gross receipts, while all other business would be taxable on the basis of net income." And that probably was what Congress intended but declares the Court, "if that choice is to be made, Congress should do it." Admirable judicial restraint which the critics would say the Court might have exercised in decisions involving congressional intent as to legislation designed to curb Communists, where the Court was able to discover that Congress intended to preempt the field in legislating against the Communist and thereby to deprive the States of such power despite the long held and often praised system under which the State legislatures operated as laboratories in which to test out and experiment legislatively.

But the fact is that the congressional act which allowed deductions for "the ordinary and necessary expenses paid or incurred . . . in carrying on any trade or business" did not expressly limit the deductions to legal trade or business or expressly exclude illegal trade or business although the tax court found no difficulty in reading the act as not allowing deductions, in determining net income, where the deductions consisted of expenditures made in connection with illegal acts.

The Supreme Court was able to reverse the tax court view by recourse to the regulations of the Commissioner making the Federal excise tax on wagers deductible as an ordinary and necessary business expense. "This," said that august Court, "seems to us to be recognition of a gambling enterprise as a business for Federal tax pur-

poses. The policy that allows as a deduction the tax paid to conduct the business seems sufficiently hospitable to allow the normal deductions of the rent and wages necessary to operate it . . . We said," continues the Court on the cited case, "that the fact that an expenditure bears a remote relation to an illegal act does not make it nondeductible."

Ain't law wonderful.

However, fortunately for the taxpayer, Congressman KENNETH B. KEATING, Republican, of New York, disagrees with the Supreme Court interpretation. He recently stated in connection with a bill he introduced in Congress designed to correct the law as laid down by the Court, H. R. 11691, that "The Supreme Court has given organized crime a big break by ruling that gambling operators can deduct from their gross income the expenses of illegal operations. Congress has a moral obligation to close this loophole. . . . The Court in effect has said that since Congress has never expressly disapproved of these deductions there is nothing it can do. They have left the determination up to Congress. In my opinion there is no earthly reason why Congress should hesitate one moment in setting the Court and the gambling world straight as to its intentions."

Right you are Congressman and we not only wish you success in your efforts to close the loophole revealed by the Supreme Court and which it did not consider it could close, but we urge our readers to let their Congressmen know that Congressman KEATING should be aided in his effort. While that effort may strike only a relatively minor blow at organized crime, every blow as the Congressman says "counts in the struggle to eradicate the syndicates and their undesirable operations. They have been feeding on the good people of this land far too long. When it comes to paying taxes, they should be treated as what they are—not law abiding businessmen but out and out racketeers."

However, Congressman be sure that the congressional intent is crystal clear, so clear that he who runs may read—lest another loophole be uncovered.

Why is it that so often the law aids the violator? Maybe someday either a Court or the Congress will allow the homeowner to deduct his losses on the sale of his home in determining net income instead of confining him to including his profits in his income should he make any on such a sale. I repeat ain't law wonderful—I had almost said wonderfully funny. But then as Jefferson said: "Consistency is the last resort of fools."

## Wrong Ones at the Summit

### EXTENSION OF REMARKS

OF

## HON. WILLIAM G. BRAY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 23, 1958

Mr. BRAY. Mr. Speaker, I wish to insert an editorial from the July 22 issue of the Indianapolis Star. I believe the comments expressed show a very realistic approach to the problems in the Near East. It would seem the course of logic to discuss the problems in the Near East with some of the principals involved, and perhaps gain a greater understanding of those from whom we are becoming increasingly separated. I trust the administration is giving careful consideration to proposals in this direction.



The editorial follows:

#### WRONG ONES AT THE SUMMIT

There is no reason at all to agree to a summit meeting with the Soviet Union now, despite the Middle East crisis. In our relations with the Soviets nothing has changed. There is still no agreement on what will be discussed; what agreements we want to make or try to make. And the Soviet Union, which has violated every agreement it has ever made with us in the past, has demonstrated no change of policy in that respect either.

What has changed by American intervention in Lebanon is the Middle Eastern situation. There is good reason to have a summit conference about this, but not with the Soviet Union. The kind of summit conference we need now is the kind proposed by former President Truman on Sunday. Truman proposed that President Eisenhower invite President Nasser of the United Arab Republic to the United States for a discussion of Arab problems. This is just plain good sense. For it is Nasser and his UAR, Nasser and his "positive neutrality," Nasser the symbol and inspiration of Arab aspirations for political and economic unity that is the central force with which the United States has got to deal in the Middle East.

We invited Kings Saud and Feisal of the old feudal Arab regimes, which Arabs are now trying to shake off, to come to America. But we have ignored and snubbed the one man who represents to the majority of the Arab world the renaissance of Arab culture, Arab progress, and Arab political union. We have treated Nasser as though he were an enemy while we let the real enemy, Soviet communism, walk into the Middle East almost at our own invitation. We have opposed Arab unity and self-determination while we let the Soviets support it. We have intervened in Lebanon to protect the status quo. But the Arabs don't want a status quo. That is what they are struggling against in their attempts to emerge from their colonial cocoon into the free air of national union and Arab independence.

If the United States wants a conference let's have it with somebody who can represent the Arab world and its hopes. We have got to face facts and Nasser is a fact. Arab unity and Arab nationalism are facts. We have got to deal with the Arab world as it is, not as we would like it to be.

We never thought we would be proposing that President Eisenhower take ex-President Truman's advice. But Truman is right as rain. We hope the President will take his advice this time, and ask Nasser to come to Washington.

#### Substitute Your Own Title

#### EXTENSION OF REMARKS OF

**HON. ABRAHAM J. MULTER**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 22, 1958

Mr. MULTER. Mr. Speaker, the following article by Gerald W. Johnson, which appeared in the New Republic magazine of July 21, 1958, makes most interesting reading, even if we think his title shows disrespect for high office:

#### DUMB CLUCKS AND RASCALS (By Gerald W. Johnson)

There is a verse in the Bible that used to puzzle me greatly. It is in the 18th chapter of the First Book of Kings, where it is re-

lated that Elijah the Tishbite having made a weather forecast of the end of the current drought, called a conference at the summit of Mount Carmel and there saw his prophecy fulfilled. But how it was fulfilled. Fire plunged from heaven and consumed not only the sacrifice drenched with 12 barrels of water, but even the stones of the altar on which it lay. The priests of Baal were liquidated on the spot to the number of 850. A cloud no bigger than a man's hand suddenly loomed over the whole sky and the King, aghast, leaped into his whirlybird and hastily took off for Gettysburg or the equivalent thereof. Then comes the verse that long astonished me, ending the narrative and the chapter with these words: "And the hand of the Lord was on Elijah; and he girded up his loins, and ran before Ahab to the entrance of Jezreel."

Even as a child in Sunday school I could understand what impelled the King to scam out of there, but why did the prophet outrun the chariot? He had foretold the event, and they had razed him unmercifully, called him a prophet of doom and gloom. Then when things turned out as he had predicted it seemed to me that he should have been blandly complacent, rather than scared into breaking the sound barrier.

But I begin to understand now. A few days ago while looking through the files I came across a sentence published in this place on May 23, 1955. It read: "Judging by its first 27 months, the epitaph of the Eisenhower administration may be, 'It lacked mentality.'" The quotation was what a Republican Senator had said about Warren G. Harding in 1920.

Now I am no professional prophet, not even a good amateur, merely a dub; but today I know that when one's prophecy turns out to be not merely right, but too right, too godawfully right, the prophet's dominant emotion is not complacency but a powerful yen to get off the premises as if jet propelled. No wonder Elijah bolted.

He had one advantage over me. There is sound of abundance of rain, and I would fain take cover, but I have not the faintest idea in which direction lies Jezreel. In fact, I don't think there is any Jezreel, for we are stuck with this administration until January 1961, and that is a long time to endure lack of mentality in high places. For a very superficial study of history is enough to show that the state rarely, if ever, suffers as much damage from the depredations of a brainy rascal as it does from the dumb cluck who stupidly repeats the errors of his predecessor, even though he may be, morally, no worse than the average politician.

It is the dull repetition of previously exposed folly that is the most ominous sign at the moment. Lebanon, Little Rock, and Castro the bandit, have been fumbled, heaven knows, but they are, in some respects, new problems. Truman, Acheson, and Forrestal left no blueprints for dealing with them, and the worst that can be said of administration policy in these matters is that it lacks ingenuity.

By the same token, if present-day delators were charging certain lackeys of the administration with barratry, ecclesioclasm, defenestration and other malversations of an arcane and extraordinary quality, one might say that the rogues at least are ingenious. But when they repeat the exact stupidities that they were lately deriding in their predecessors, even that cold comfort is denied us.

When JENNER, BRICKER, KNOWLAND, and others asserted, as if it were an accusation, that the Eisenhower administration had borrowed its ideas from the New Deal, they were talking through their hats. If an idea is a good one, a man of sense takes it over, regardless of its origin. But now that it is apparent that some understrappers of this administration have borrowed from some un-

derstrappers of the Truman administration their snide and slippery procedures, the charge that the present regime has no ideas of its own gains weight.

First-rate statecraft ought to be copied, as there is usually nothing better available. But to copy methods of chiseling whose stupidity has just been exposed, argues a barrenness of imagination that is beyond description.

This terrific fulfillment has jarred the prophet of 1955 loose from any feeling of complacency and filled him with an impulse to take to his heels, if he only had an idea which way to run. But with flight impossible, we can only brace ourselves to sweat it out. After all, Lady Luck may still be with us. Perhaps the recession has already touched bottom. Perhaps the Middle East will not take fire from Iraq. Perhaps Castro has by now recovered his senses. Perhaps despair will not drive the Arkansas Negroes into disastrous folly. But our hope is in the mysterious ways of providence, not in the mentality of King Ahab's court.

#### Agricultural Development and Assistance Act of 1954

#### SPEECH

OF

**HON. WILLIAM A. DAWSON**

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Monday, July 21, 1958

Mr. DAWSON of Utah. Mr. Speaker, again today as has been the case with farm legislation since 1955 we are confronted with legislation that—in my opinion—is almost a 50-50 mixture of good and bad.

This bill today incorporates an extension of our very successful foreign disposal program under Public Law 480 as it was inaugurated in 1954 and as it has been so successfully administered by Secretary of Agriculture Ezra Taft Benson. Under this program we have been able to reduce the national wheat surplus by over 100 million bushels. This program has served to build up our foreign markets without affecting the domestic price of our own farm produce.

A simple extension of this act is all that is required.

Yet—what are we presented with today? Much more than a simple extension. Under the provisions ordering the Secretary to barter away up to \$500 million of our farm surpluses, we grant him an extension of power that would permit this country to do for schools in foreign nations what we have not allowed for our own schools. As I read this bill, the Secretary under this program is authorized to expend foreign currencies paid for our produce for the construction and support of private, nonprofit schools abroad sponsored by or founded by American citizens. How can we justify this program? How can we go back to our people and say that we feel our own public schools should be supported locally by local taxes and at the same time admit that we voted for a program that would give their taxes to schools in foreign countries for the education of foreign nationals?



I say we cannot. The section that embarks the Secretary of Agriculture on the foreign school financing spree should be eliminated.

The Secretary of Agriculture already has limited power to barter for disposal of farm surpluses. He opposes the expansion of authority this bill gives him. We are forcing upon him a program he does not want. And, I repeat, this Federal aid for foreign schools will be mighty hard to defend in the little red schoolhouses back home.

## Seaway Will Open Five Lakes Full of Rivals

### EXTENSION OF REMARKS

OF

HON. JOHN J. ROONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 23, 1958

Mr. ROONEY. Mr. Speaker, on May 6, 1954, in the 2d session of the 83d Congress, this House had two rollcall votes on a bill known as S. 2150, which provided for the development of the St. Lawrence seaway. Representing, as I do, the major portion of the Brooklyn waterfront in the port of New York, I voted to recommit that bill to the House Committee on Public Works and voted against it on final passage.

The following newspaper article by Eckert Goodman entitled "New York's Port in a Storm" published in this morning's New York Daily News portrays the harmful effects of that bill upon the port of New York, its foreign trade, and the whole economy of the city of New York:

NEW YORK'S PORT IN A STORM—SEAWAY WILL OPEN FIVE LAKES FULL OF RIVALS  
(By Eckert Goodman)

The St. Lawrence seaway, whose opening next year will touch off incalculable new competition for the already hard-pressed port of New York, has been described as "America's fourth coast" and a "gateway to the world's eighth sea."

It has also been called one of international shipping's biggest bundles of unknown quantities.

A 360-mile-long chain of interlocking lakes, locks, canals, and dredged riverbed between Lake Erie and Montreal, it will provide a continuous 27-foot channel for ocean freighters.

Thus the seaway is a vital link in a 2,400-mile inland waterway leading from the Atlantic Ocean north of Nova Scotia into the heart of America's Midwest, which claims two-fifths of the country's manufacturing and almost half its farm production.

Disregarding the \$650 million St. Lawrence power project, whose three dams now pen up in a 25-mile-long lake what used to be the International Rapids, the seaway is largely an improvement of an existing 14-foot waterway which has been in use on the St. Lawrence for over a half a century.

#### IT'S BIG ENOUGH FOR MOST FREIGHTERS

But its 27-foot depth and 7 new 800-by-80-foot locks will enable an estimated three-fourths of the world's ocean going shipping to reach such inland cities as Buffalo, Cleveland, Detroit, Chicago, and eventually Milwaukee and Duluth.

The waterway's joint United States-Canadian Tolls Committee has estimated that it will attract some 25 million tons of shipping in its first full year of operation and more than 50 million tons annually by 1967.

Half a dozen United States steamship companies, including the Grace, Isbrandtsen and United States Lines, have announced that they intend to operate on the seaway; and its recent designation by the Maritime Administration as part of essential foreign trade routes to Europe and South America assures them of operating subsidies.

About 80 percent of seaway cargoes are initially expected to consist of bulk commodities like wheat, coal, and iron ore. But there are confident predictions that the proportion of high-revenue-producing general cargo, which every port on the Great Lakes is hoping to attract, will rise from a base of a million tons a year to nearly 7 million tons annually within a decade.

#### COULD COST US ABOUT 200,000 JOBS

Five years ago, Port of New York Authority analysts estimated that the seaway could divert more than 3,500,000 tons of general cargo a year from New York, an amount which could ultimately result in a loss of 200,000 jobs and a \$1 billion payroll.

Since the study was made, the figures have been revised downward, but it is still generally agreed that the seaway will be a constant threat and could have a seriously damaging impact on the port's foreign trade and, hence, the city's whole economy.

The main advantage, claimed for the seaway is, of course, lower shipping costs. At present, the average Midwest shipper has to spend about as much to get his merchandise on a New York pier as it costs him to ship it to Europe. Even with toll charges and the extra distance they'll have to sail, steamship operators are sure they can do a lot better than that—and some of them seem to have more or less proved the point.

#### INLAND STUDY SHOWS A 20- TO 40-PERCENT SAVING

A group of Great Lakes manufacturers recently announced that a careful study, including generous allowance for unknown factors, had convinced them that the seaway would reduce their freight costs to Europe by between 20 percent and 40 percent, depending on the type of commodity.

A Milwaukee manufacturer has reported that he saved \$5,000 in transportation charges by shipping a power shovel to France aboard one of the small, specially built foreign freighters which have been plying the St. Lawrence for years. And another claims an economy of \$30,000 on the piecemeal movement of a medium-sized cement plant to Spain by the same little ships.

Midwestern seaport enthusiasts also like to point out that, by seaway, Cleveland will be 200 miles closer to Hamburg, Germany, than New York, and Duluth is almost 500 miles nearer Rotterdam by water alone than via New York by rail and water.

#### AND NOW THE OTHER SIDE OF THE COIN

But even the most ardent seaway devotees are forced to admit that all is not clear sailing ahead, and a good deal remains to be spent and done if the trade route is to measure up to their highest expectations. Here are some of the problems:

1. The seaway will be closed down every year for 4 months, between early December and mid-April, by ice plus winter storms which make inland navigation hazardous.

2. The 27-year-old Welland Canal, which circumvents Niagara Falls and its rapids by lifting and lowering ships 326 feet in 8 locks between Lakes Erie and Ontario, is already jam-packed on occasion and could easily become, with its partially one-way passage, a serious bottleneck.

3. The seaway's 27-foot-deep channel—in contrast with New York Harbor's 45 feet and

Philadelphia's 37—cannot be safely navigated by ships with more than 25½ feet of draft, and is too shallow to admit more than 5 percent of today's American merchant marine freighters fully loaded.

4. It will cost at least \$141 million in Federal expenditures to dredge deeper channels between the Great Lakes and leading into its harbors, and an outlay of some \$100 million more by the 57 ports themselves to open the entire 2,400-mile route to sizable ocean commerce.

5. It is still hard to estimate ship operation costs accurately, because definite tolls, while suggested, have not yet been set, and use of the present waterway is free.

6. A whole new midwestern maritime industry must be created and trained to insure efficient financing, insuring, forwarding, and handling of foreign general cargo.

#### BUT SEAWAYERS SAY THEY HAVE ANSWERS

But seaway proponents claim to have answers to most of these problems. During the winter, while the St. Lawrence is closed down, they explain, bulk cargoes can be safely and economically stored; and railroads and trucks can be reutilized, even at their threatened higher rates, to transport general cargo to eastern seaports.

Besides, a method of preventing ice from forming by the release of air bubbles from underwater pipes has proved successful in certain Canadian and Scandinavian harbors, and eventually it may even be feasible to pump relatively warm water from the Great Lakes into the river to keep it from freezing over.

The capacity of the Welland Canal, which supposedly can handle double the 23 million tons of shipping a year it now accommodates, can be doubled again by construction of a new set of parallel locks, when traffic warrants the expense. Meanwhile a schedule can, perhaps, be worked out to prevent traffic jams.

As for the seaway's 27-foot depth, most steamship companies say they can operate their freighters profitably even if they aren't loaded down to their Plimsoll lines, by taking on and discharging portions of their load at Quebec and Montreal, or by carrying cargo which is bulky but relatively light.

#### THEY'RE ORDERING SHIPS SPECIALLY FOR SEAWAY

In addition, both Grace and United States Lines report that they have on order freighters specially designed for seaway use. This is also the case with several European companies, one of which, Holland's Oranje Line, has announced that it will put two specially built cargo-passenger vessels into service between Chicago and Rotterdam next summer.

Contracts totaling \$42 million for dredging and deepening Great Lake channels have already been let by the United States Government, and work is proceeding apace under supervision of the Army Engineers Corps in such far-flung areas as the Detroit River and St. Mary's River, which flows out of Lake Superior, 600 feet above sea level.

The Great Lake's ports themselves have earmarked millions of dollars for waterfront reconstruction and harbor improvements, and are cautiously contemplating the expenditure of millions more. Chicago, for instance, which has embarked on a \$37 million port expansion program, anticipates spending 3 times that amount within the next 10 years.

Milwaukee is in the midst of building an \$11 million pier and general cargo terminal; Duluth has begun construction of a \$10 million waterfront installation; and Toledo, with a new \$8 million railroad dock near completion, envisions spending \$25 million more on port expansion as soon as it has been assured of a 27-foot channel.

It's in the export fields in which New York is now predominant—automobiles, industrial machinery, electrical apparatus, steel products, and fresh and frozen meat—that



the port is apt to be most sorely challenged by the seaway.

#### WE NOW HAVE 83 PERCENT OF AUTO EXPORTS

Last year 83 percent of the Nation's automotive exports passed through the port of New York. While most cars are shipped in knockdown condition for assembly after arrival, some are not, and a Milwaukee businessman pointed out a few weeks ago that from \$160 to \$200 a car was being saved on vehicles sent unboxed from Great Lakes ports.

Remarked the general manager of Willys Motors recently: "When it costs us \$5.50 to get a jeep to the pier in Toledo, as against \$53.62 when the port of New York is used, we are talking about a competitive advantage we thus have in the foreign country where the jeep is delivered."

#### THE GREAT LAKES ARE IN THE BIG LEAGUE

Another ominous note for the future was sounded by President Lewis A. Lapham of the Grace Line, speaking before a group of Wisconsin industrialists.

"The port of Milwaukee," he advised them, "may not immediately rise to such fame as the Braves, but they are both in the big league to stay."

"Ships always follow the cargo \* \* \* and you need have no fear, the house flags of the world's fleets are in the lakes to stay."

### Arms for Israel

#### EXTENSION OF REMARKS

OF

#### HON. ALBERT P. MORANO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 23, 1958

Mr. MORANO. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include the text of a letter which I sent to President Dwight D. Eisenhower, urging that mutual security aid be accorded to the State of Israel so that the free nation will be equipped to defend itself against aggression in the seething Middle East.

I have also asked that if it will result in swifter arms assistance for the Israelites, that the Israeli Government be permitted to purchase arms on the open market pending the closing of agreements entitling them to mutual security aid.

I also include a press release on this vital subject.

The letter and press release follow:

July 18, 1958.

HON. DWIGHT D. EISENHOWER,  
President of the United States,  
The White House,  
Washington, D. C.

DEAR MR. PRESIDENT: It is essential that the United States mobilize all possible strength to oppose the current threat to those nations of the Middle East which have demonstrated their friendship for the United States and look to the United States for support.

The State of Israel during the decade of its existence has effectively demonstrated its opposition to international communism and its determination to defend its independence at all costs.

In view of recent developments in the Middle East, and because the recent meetings between Nasser and Khrushchev may result

in the Soviets furnishing additional arms to the United Arab Republic headed by Nasser, Israel has urgent need for adequate supplies of modern weapons and military equipment. I respectfully urge that you make use of the authority which you possess under the Mutual Security Act to provide such weapons and equipment to Israel on a grant basis, and, if such action would expedite the sending of arms and equipment, that you authorize the immediate sale to Israel of items most urgently required pending the completion of other arrangements.

Sincerely,

ALBERT P. MORANO,  
Member of Congress.

Representative ALBERT P. MORANO, Republican, of Connecticut, has asked President Eisenhower to authorize shipments of modern weapons to Israel.

MORANO, a member of the House Foreign Affairs Committee, suggested in a letter to the President that due to the critical situation in the Middle East Israel should be furnished military weapons under the mutual security program.

He emphasized that Communist arms have been going to the Arab forces, and that additional armaments were certain to result from the recent Nasser-Khrushchev meeting, making it imperative that Israel be equipped to defend its territorial borders and the cause of freedom should developments require such action.

MORANO said that if bringing Israel into the family of nations receiving mutual security aid would entail too much delay, then Israel should be permitted to purchase arms on the open market at once, pending the signing of MSA agreements.

"It is essential that the United States mobilize all possible strength to oppose the current threat to those nations of the Middle East which have demonstrated their friendship for the United States and look to the United States for support," MORANO said.

### Reign of Pope Pius XII

#### EXTENSION OF REMARKS

OF

#### HON. VICTOR L. ANFUSO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 22, 1958

Mr. ANFUSO. Mr. Speaker, previously I had inserted into the RECORD an article from the magazine *Wisdom* on Pope Pius XII, dealing primarily with the life of this great religious leader until the time he was elected to the highest office in the Catholic Church. The same magazine also published an article on the period covering his reign. In order to complete the picture, I am inserting also this article, which is as follows:

#### POPE PIUS XII: HIS REIGN

(By Nazareno Padellaro and Robert L. Reynolds)

Pius XII received the tiara as though it were a helmet, for Europe was in arms.

The objects of Pius XII during the 6 tragic years from 1939 to 1945 are easily summarized: to bring to bear all the moral authority of the Holy See to avert war; to do all he could to limit it when it had once begun; to keep Italy from participation; to seek by every means to mitigate its horrors; to help the invaded countries; to save Rome; and to denounce unceasingly all tyranny and all crimes against humanity.

As he lifted his hand in the first of the countless apostolic blessings he was to give as Pope, what must have struck him above all else was his utter aloneness.

As Eugenio Pacelli, the new Pope always had been a man of ascetic life and considerable reserve. Now, his relationships with even his closest acquaintances were on a radically different footing. Visiting the sickroom of his old friend Francesco Cardinal Marchetti-Selvaggiani soon after his election, the Pope saw the venerable churchman try to raise himself out of his bed. The effort was beyond him, and he said apologetically, "I beg Your Holiness' forgiveness if I am unable to render due homage." With a smile at once reassuring and wistful Pius answered: "Don't fatigue yourself. For this evening, let us be just Eugenio and Francesco."

It was a particularly difficult time to be without close friends. As the pontificate of Pius XI had drawn to a close the Vatican had seen the systematic violation of the concordats it had signed with several nations.

The Italian press talked about sowers of panic, alternating threats with abuse. But the Pope, in every allocution—and he delivered 14 during the month of May 1939—had one subject alone, which was peace. He addressed pilgrims and young married couples, recalling the foundations of the democratic virtues and assuring all who heard him of his profound anxiety over the uncertain fate of peaceful relations between the nations. He broached a theme to which he was to return vigorously many times: what fate would the future hold for those who sought to make strength triumph over justice? "The hand of Constantine," he said, "which built this temple to the glory of God, was the same as that which broke the cruel tyrants and gave freedom to the Church."

The Holy See exerted itself in every way possible to bring one gleam of reason into those last few tormented months. Less urgent business was postponed. A prudent reserve was maintained at the Vatican, but hope had not yet been abandoned:

"We do not wish, we have not the heart even now, to abandon hope that a sense of moderation and reality will at length avert a conflict which, by common consent, would exceed anything hitherto experienced in the way of spiritual and material ruin."

Paternal affection may have caused the Holy Father to turn a blind eye to the evidence. But other words show that this evidence could not forever be ignored; it dispelled the last vestiges of generous illusion. "In the present circumstances, we desire that this blessing shall be a pledge of peace: peace for Italy, for Europe, or for the world."

The signatures were hardly dry on the Nazi-Soviet pact in Moscow when Pius XII spoke in tones of solemn warning to the nations and their rulers who were rushing headlong toward disaster. Over the Vatican radio the voice of the Pope, the voice of truth, was raised, above base passion, in all its clarity: "It is by force of reason, not of arms that justice prevails; empires not founded upon justice are not blessed by God. Politics divorced from morality betray the very people who treat them as such." It was a prophecy. "Nothing is lost through peace. All can be lost through war." These grave words, slowly and solemnly uttered, were true then and will remain so.

On September 1, Cardinal Maglione was called to the telephone by Monsignor Orsenigo, who informed him that the German Army was already marching toward the Polish frontier. The secretary of state conveyed this news to the sovereign pontiff. Pius XII withdrew to his chapel to pray and weep: men who had always admired his imperturbability saw him shaken by sobs. Pius XII's personal Golgotha had begun.









Aug. 16, 1958

23. MINERALS. The Rules Committee reported a resolution for consideration of S. 4036, to provide production payments to stabilize the production of certain minerals. pp. 16411-2, 16429
24. EDUCATION. The Education and Labor Committee reported without amendment H. R. 13241, to provide assistance to the States for area vocational education programs (H. Rept. 2649). p. 16429
25. RECLAMATION. The Rules Committee reported a resolution for consideration of H. R. 13523, to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas reclamation project. pp. 16412, 16429
26. PERSONNEL. Conferees were appointed on S. 25, to specify the effective date upon which changes in pay of wage-board employees shall begin following the start of a survey. Senate conferees have been appointed. p. 16412  
Conferees were appointed on H. R. 7710, to provide for the lump sum payment of all accumulated and accrued annual leave of deceased employees. Senate conferees have not been appointed. p. 16412
27. SMALL BUSINESS. Passed without amendment S. 3224, to improve opportunities for small business concerns to obtain a fair proportion of Government purchases and contracts. This bill will now be sent to the President. p. 16414
28. HOUSING. Rep. Hiestand inserted a summary of H. R. 13776, the proposed Housing Act of 1958. pp. 16414-5
29. PROPERTY; LEASES. The Government Operations Committee ordered reported S. 3142 to extend GSA authority to lease out Federal building sites until needed for construction purposes. p. D860  
The Government Operations Committee adopted a report, "Importation of Foreign Excess Property." p. D860
30. LEGISLATIVE PROGRAM. Rep. McCormack announced the following legislative program: Mon., Aug. 18: Consent Calendar; and the following under suspension of the rules: S. 4035, housing bill; H. R. 13067, food stamp bill; S. 4039, increased funds for research; and H. R. 13241, vocational education bill; Tues. and remainder of the week: Private Calendar; S. 1764, D. C. school lunch bill. and S. 4036, minerals stabilization payments bill. pp. 16909-10
31. ADJOURNED until Mon., Aug. 18. p. 16428

SENATE - August 16

32. FARM PROGRAM. Agreed to a motion by Sen. Ellender requesting the House to return S. 4071, the farm bill, to the Senate for considering agreeing to the House amendments to the bill. Sens. Mundt and Thyne criticized this action. pp. 16508, 16510-11
33. FOREIGN TRADE; SURPLUS COMMODITIES. Conferees were appointed on S. 3420, to extend Public Law 480. House conferees have not been appointed. pp. 16519-20  
16520-1
34. FORESTRY. Sen. Jackson criticized Federal timber sales policies, stating that "I am disappointed that the Forest Service has not met its timber sales goals," that "it is high time that the secretariat for the Department of Agriculture and the bureaucracy of the Budget Bureau to take off their blinders and look to the goals that must be achieved," and inserted tables on timber sales administration and management, and Forest Service appropriated funds for the past several years. pp. 16497-99



12. AREA REDEVELOPMENT. Passed with amendments, 176 to 130, S. 3683, to establish an effective program to alleviate conditions of substantial unemployment in economically depressed areas. (pp. 16342-408) Rejected, 79 to 106, an amendment, in the nature of a substitute for the bill, by Rep. Fenton. Rep. Fenton explained that his proposed substitute amendment was the same as his bill H. R. 5468, "which I introduced for the administration on February 28, 1957". (pp. 16389-94) Rejected, 170 to 188, a motion by Rep. Hiestand to recommit the bill to the Banking and Currency Committee. (p. 16408)
13. ONION FUTURES. Agreed to the conference report on H. R. 376, to prohibit trading in onion futures. This bill will now be sent to the President. p. 16335
14. DISASTER LOANS. The Agriculture Committee reported with amendment S. 304, to provide for a specific contribution by State governments to the cost of feed or seed furnished to farmers, ranchers, or stockmen in disaster areas (H. Rept. 2650). p. 16429
15. CROP INSURANCE. The Agriculture Committee reported with amendment H. R. 13262, to eliminate the prohibition against crop insurance being made available to certain counties which do not have wide participation in the program (H. Rept. 2646). p. 16429
16. FORESTRY. The Agriculture Committee reported without amendment S. 3741, to provide regular national forest status to most lands under the jurisdiction of the Forest Service (H. Rept. 2638). p. 16429
17. RESEARCH. The Interstate and Foreign Commerce Committee reported with amendment S. 4039, to authorize the head of any Government agency now making contracts for research to grant funds for the support of such research (H. Rept. 2640), and H. R. 11257, to make various amendments regarding administration of the National Science Foundation (H. Rept. 2642). p. 16429
18. MILITARY CONSTRUCTION. Conferees were appointed on H. R. 13489, military construction appropriation bill for 1959. p. 16320
19. PALM OIL; TAXATION. Passed as reported H. R. 10239, to amend the Internal Revenue Code of 1954 so as to exempt palm oils from tax during the first domestic processing until June 30, 1960. p. 16332
20. BUTTER; CHEESE. Passed as reported S. 2006, to amend the Internal Revenue Code of 1954 so as to relieve the Surgeon General of the Army and Navy from sitting with the Secretary of Agriculture on appeals boards to decide appeals from the decision of the Secretary of the Treasury on cases involving deleterious substances in butter or oleomargarine or in any substance used in the manufacture of so-called filled cheese. pp. 16332-3
21. WATER RESOURCES. Passed as reported S. 4021, to establish the U. S. Study Commission on the Savannah, Altamaha, St. Marys, Apalachicola-Chattahoochee, and Perdido-Escambia River Basins. The House amendment replaces the Alabama-Coosa River Basin with the Perdido-Escambia River Basin. pp. 16335-7
22. FARM PROGRAM. Rep. Hoffman objected to Rep. Cooley's request for unanimous consent to agree to Senate's request for a conference on S. 4071, the farm bill. p. 16410



The proposal of the junior Senator from Texas would make it more unsound. The fund is not only to be used to pay present retirees, but benefits and liabilities are accumulating for those now paying. The present retirees are not paying. They are getting their annual benefits out of the trust fund, plus the accumulations from the taxes paid by the present workers, who are accumulating benefits to be paid to them in the future.

The Senator from New Mexico did not say that the old-age assistance people were going to be paid out of this fund. He called attention to the fact that under the pending bill additional benefits go to those now receiving assistance under the old-age assistance programs. He said that he did not want the bill to be loaded down in such a way as to be vetoed, because if it is vetoed it not only will be vetoed with reference to social security but also with reference to those who are now on the assistance rolls.

I too, would like to give them more. However I am not going to kid them. I am not going to vote for benefits under this program, which is paid for out of taxes assessed against employees and employers, when the benefits are not covered by a tax sufficient to pay at least for the additional benefits. I am not going to go home and tell my people, "I voted you a lot of money, but you are not going to get it, because it has been vetoed." I will vote for what I can actually deliver to them.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Texas has a minute and a half remaining.

Mr. YARBOROUGH. Mr. President, I yield 30 seconds to the Senator from Louisiana.

Mr. LONG. Mr. President, my impression is that the bill was not asked for by the administration. The administration was satisfied with the actuarial balance in the fund, because the increase in rates in 1960 will take care of the deficit.

I thought we were trying to pass a bill to provide for retired people, who have suffered by the rising cost of living. At page 16481 of the RECORD there is shown the difference in the fund under either of the two approaches.

In any event, the fund will grow rapidly and tremendously under whichever approach is taken. The only question is whether during the next 4 years we want to provide a little more assistance for the aged and needy persons.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. YARBOROUGH. Mr. President, my study of the actuarial soundness of the fund is based upon an official report filed March 1 by the Secretary of the Treasury, the Secretary of Labor, the Secretary of Health, Education, and Welfare, and the Chairman of the Social Security Board. The computation was based on reports. The reports were not compiled in the heat of argument in 5 minutes of debate on the floor. They have been carefully made. As I stated

earlier, I have a report from the Education and Public Welfare Division of the Library of Congress which I again ask unanimous consent to have printed in the RECORD.

There being no objection, the report and statement were ordered to be printed in the RECORD, as follows:

AUGUST 14, 1958.

To: The Honorable RALPH YARBOROUGH.  
From: Education and Public Welfare Division.

Subject: Supplementary information which may be of use to you in supporting the cost aspect of your amendment to H. R. 13549.

As indicated in the statement prepared for you, the amendment you intend to introduce providing a 10-percent benefit increase would add 0.25 percent of taxable payroll to the cost of the bill as approved by the House. H. R. 13549, with your amendment, would still be overfinanced to the extent of 0.07 percent of payroll since the House bill was overfinanced to the extent of 0.32 percent of payroll.

One objective of the House-passed bill was to reduce the actuarial deficiency of the old-age and survivors insurance (OASI) trust fund which, according to the latest estimate of the Chief Actuary of the Social Security Administration, stands at 0.57 percent of payroll. The House bill, in its present form, would reduce it to 0.25 percent of payroll. The House committee report states:

"Your committee has not been able to recommend benefits at as high a level as, in our opinion, would be justified if one considered solely the need for this protection. The increase of approximately 7 percent provided by the bill is actually somewhat short of the rise in the cost of living that has taken place since 1954. We believe, however, that it is essential that a significant part of the additional contributions to the system that we are recommending be used to strengthen the financing of the system rather than to improve benefit protection." (H. Rept. 2288, 85th Cong., p. 2.)

We are enclosing herewith the 18th Annual Report of the Trustees of the OASI Trust Fund which was recently released. This publication shows the present condition of the trust fund and includes long-range estimates up to the year 2050. Although it states that there is a long-range deficiency in the OASI trust fund of 0.57 percent of payroll, the conclusion of the report declares:

"Long-range cost estimates show that for practical purposes the old-age and survivors insurance program is in actuarial balance according to the best available cost estimates. This concept means that for the long-range future, the system will have sufficient income from contributions based on the tax schedule now in the law and from interest earned on investments to meet all future payments for benefits and administrative expenses. Although aggregate disbursements of the old-age and survivors insurance trust fund over the period of the next several years are estimated to exceed aggregate receipts—a situation which, however, will be only temporary—there will be ample funds on hand to meet expenditures of the program during this period. The trust fund is intended to serve as a contingency fund as well as a source of investment income to supplement contribution receipts, and it is to be expected, therefore, that the fund may be drawn upon from time to time. Temporary periods when the assets of the fund decline are not in themselves an indication of financial weakness and do not change the fact that the program is, for practical purposes, in actuarial balance." (H. Doc. 401, 85th Cong., p. 31-32.)

FREDERICK B. ARNER.

#### SOCIAL SECURITY AMENDMENTS OF 1958

Mr. President, my amendment to the social-security bill, H. R. 13549, has the simple but very important purpose of providing a 10-percent increase in social-security benefits rather than the 7-percent increase contained in the bill as passed by the House of Representatives.

Senators will recall that last Monday, August 11, the Senate passed a 10-percent increase for the Foreign Service retirement system which had the support of the administration and the Bureau of the Budget. Similar cost-of-living increases have been made by Congress and signed by President Eisenhower, for employees of the Federal civil service, postal workers, and retired members of the Armed Forces. Is it equitable, therefore, to be content with a pared-down 7-percent increase for the people of this country who are suffering the most from rising prices—the men and women receiving benefits under our social-security system?

Let us recognize first of all that the average benefit for a retired worker is now only \$64.50 per month—a few pennies over \$2 per day—a pitifully small amount. We must not, moreover, delude ourselves with the happy thought that these meager social-security benefits are only a supplementation to other retirement income. The facts are otherwise. For millions of Americans social security is the only retirement income they receive. In recommending an increase in benefits at this time the House of Representatives cited a study conducted last December by the Department of Health, Education, and Welfare which made it perfectly clear that, for most people on the rolls, social-security benefits constitute their major source of income. This study showed that, aside from their social-security benefits, 1 out of 5 retired couples, more than 1 in every 4 single retired workers, and more than 1 in every 3 aged widows had no additional money income or had less than \$75 in additional income during the year. Of the total number who had some additional money income, one-fourth of couples and aged widows and one-third of the single retired workers derived such income from temporary sources such as part-time earnings or by supplementary payments from the "needs test" public-assistance programs.

Mr. President, we owe it to the 11 million older Americans who are now receiving social-security benefits to examine this matter carefully. I need not remind the Members of the Senate that each rise in living costs chips away at the purchasing power of these older men and women living on a fixed retirement income. No increase has been made in the amount of benefits they are receiving since the 1954 amendments. During this period wages have increased by 12 percent and the cost of living has gone up 8 percent.

My amendment will add a cost of only 0.25 percent of payroll to H. R. 13549. The House bill, with a 7-percent increase, is overfinanced to the extent of 0.32 percent of payroll. Even with the additional cost of the 10-percent increase provided by my amendment, the bill will still be overfinanced to the extent of 0.07 percent of payroll.

It is, of course, true that one of the purposes of the House bill—that of eliminating a possible long-range actuarial deficiency in the old-age and survivors insurance system—will be qualified to some degree. But I am not persuaded by the argument that we should penalize our older citizens now on the basis of a guess that the trust fund may be running in the red in the year 2032. Moreover, the Advisory Council on Social Security Financing established by the 1956 amendments has not yet made its report. When this report appears, at the end of the year, Congress will have ample opportunity



of evaluating the total situation and can make its decision as to appropriate financing of the old-age and survivors insurance plan.

I, for one, believe that our economy is dynamic enough, and strong enough, to support such an increase. And I am certainly convinced that we owe it to our older men and women to make the same 10-percent increase in their payments which we have provided for other retired people in legislation passed during this session.

Mr. YARBOROUGH. Mr. President, the reports represent days of work. They show that there will be, if my amendment is not adopted, a 32 percent surplus.

If my amendment shall be adopted, there will be a surplus.

The PRESIDING OFFICER. All time has expired on the amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that if present and voting, the Senator from Delaware [Mr. FREAR] would vote "nay."

On this vote the Senator from Florida [Mr. HOLLAND] has a pair with the Senator from Georgia [Mr. TALMADGE]. If present and voting the Senator from Florida [Mr. HOLLAND] would vote "yea" and the Senator from Georgia [Mr. TALMADGE] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. FLANDERS] is absent because of illness in his family.

The Senator from West Virginia [Mr. HOBLITZELL] is absent because of death in his family.

The Senator from New York [Mr. JAVITS] is absent by leave of the Senate to attend the NATO parliamentary conference in London as chairman of the economic section of the General Affairs Committee.

The Senator from Ohio [Mr. BRICKER], the Senator from Maryland [Mr. BUTLER], the Senators from Indiana [Mr. CAPEHART and Mr. JENNER], and the Senator from Maine [Mr. PAYNE] are necessarily absent.

If present and voting, the Senator from Indiana [Mr. CAPEHART] would vote "nay."

On this vote the Senator from New York [Mr. JAVITS] is paired with the Senator from Ohio [Mr. BRICKER]. If present and voting, the Senator from New York would vote "yea," and the Senator from Ohio would vote "nay."

On this vote the Senator from Maine [Mr. PAYNE] is paired with the Senator from West Virginia [Mr. HOBLITZELL]. If present and voting, the Senator from Maine would vote "yea," and the Senator from West Virginia would vote "nay."

The result was announced—yeas 32, nays 53, as follows:

## YEAS—32

Carroll	Hennings	Kennedy
Case, N. J.	Hill	Langer
Chavez	Humphrey	Long
Church	Jackson	Magnuson
Clark	Johnson, Tex.	Mansfield
Douglas	Johnston, S. C.	McNamara
Gore	Kefauver	Morse

Murray  
Neuberger  
Pastore  
Potter

Proxmire  
Revercomb  
Smith, Maine  
Sparkman

Symington  
Wiley  
Yarborough

## NAYS—53

Aiken  
Allott  
Anderson  
Barrett  
Beall  
Bennett  
Bible  
Bridges  
Bush  
Byrd  
Carlson  
Case, S. Dak.  
Cooper  
Cotton  
Curtis  
Dirksen  
Dworshak  
Eastland

Ellender  
Ervin  
Fulbright  
Goldwater  
Green  
Hayden  
Hickenlooper  
Hruska  
Ives  
Jordan  
Kerr  
Knowland  
Kuchel  
Lausche  
Malone  
Martin, Iowa  
Martin, Pa.  
McClellan

Monroney  
Morton  
Mundt  
O'Mahoney  
Purtell  
Robertson  
Russell  
Saltonstall  
Schoepfel  
Smathers  
Smith, N. J.  
Stennis  
Thurmond  
Thye  
Watkins  
Williams  
Young

## NOT VOTING—11

Bricker  
Butler  
Capehart  
Flanders

Frear  
Hoblitzell  
Holland  
Javits

Jenner  
Payne  
Talmadge

So Mr. YARBOROUGH's amendment was rejected.

Mr. ANDERSON. Mr. President, I move that the vote by which the amendment was rejected by reconsidered.

Mr. KNOWLAND. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

# EXTENSION AND AMENDMENT OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, which was to strike out all after the enacting clause and insert:

That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended as follows:

(a) Sections 109 and 204 of such act are amended by striking out "1958" and substituting in lieu thereof "1959."

(b) Section 103 (b) of such act is amended by striking out "\$4,000,000,000" and inserting in lieu thereof "\$5,500,000,000."

SEC. 2. Section 303 of the Agricultural Trade Development and Assistance Act of 1954 is amended to read as follows:

"SEC. 303. The Secretary is directed, to the maximum extent practicable within the limit permitted by this section, to barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) strategic materials or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act,

as amended, to make such barter or exchanges: *Provided*, That the total volume of the transactions directed by this section shall not exceed \$500 million annually, unless specifically authorized by the Congress. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except where the Secretary has made a specific finding as to a particular transaction that such transaction will replace a cash sale for dollars. The authorities contained in this section shall, in addition to other types of transactions, permit the domestic processing of raw materials of foreign origin or of domestic origin where the domestic processor agrees to import an equivalent amount of similar foreign material. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials."

SEC. 3. Section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by substituting a semicolon for the period at the end of paragraph (j) and adding the following new paragraph:

"(k) For the acquisition by purchase, lease, rental, or otherwise, of sites and buildings and grounds abroad, for United States Government use, including offices, residence quarters, community and other facilities, and for construction, repair, alteration, and furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;"

SEC. 4. Section 104 of such act is amended by adding thereto the following new paragraph:

"(l) For financing in such amounts as may be specified from time to time in appropriation acts trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U. S. C. 1992);"

SEC. 5. Section 104 of such act is amended by adding the following paragraph:

"(m) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;"

SEC. 6. Such act is amended by adding thereto the following new section:

"SEC. 306. Any provision of this act or of section 32 of the act of August 24, 1935, as amended (7 U. S. C. 612c), may be extended by the President to any area under the jurisdiction or administration of the United States."



SEC. 7. Section 104 of such act is amended by inserting in the first proviso after the lettered paragraphs thereof, after "(d)" and "(e)", in lieu of the word "and", the following: "except when used in such amounts as may be specified from time to time in appropriation acts for cooperative non-self-liquidating projects for the development of human resources and skills;"

SEC. 8. (a) Section 104 of such act is amended by inserting before the period at the end of the first sentence of paragraph (h) thereof the following: "and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446)".

(b) Such section is further amended by adding the following new paragraph:

"(n) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies:"

SEC. 9. Section 101 of such act is amended by striking out the semicolon at the end of paragraph (a) thereof and adding "or normal patterns of commercial trade with friendly countries;"

Mr. ELLENDER. Mr. President, I move that the Senate disagree to the amendment of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. JOHNSTON of South Carolina, Mr. EASTLAND, Mr. HUMPHREY, Mr. AIKEN, Mr. YOUNG, and Mr. THYE conferees on the part of the Senate.

#### SETTLEMENT OF CERTAIN CLAIMS BY MILITARY DEPARTMENTS—CONFERENCE REPORT

Mr. O'MAHONEY. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1061) to amend title 10, United States Code, to authorize the Secretary of Defense and the Secretaries of the military departments to settle certain claims for damage to, or loss of, property or personal injury or death, not cognizable under any other law. I ask unanimous consent for the present consideration of the report.

I have consulted the leaders on both sides. This matter is a privileged one.

The measure is noncontroversial. The Senate amendments, which would tighten up the bill, have been accepted substantially by the House. The conference report provides that the Senate yield only in one minor respect.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1061) to amend title 10, United States Code, to authorize the Secretary of Defense and the Secretaries of the military departments to settle certain claims for damage to, or loss of, property or personal injury or death, not cognizable under any other law, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

Page 2, strike out lines 1 to 21, inclusive, and insert:

"§ 2736. Property loss; personal injury or death; incident to use or operation of property of the United States and not cognizable under other law

"(a) Under such regulations as the Secretary of a military department may prescribe, he or his designee, may settle, and pay in an amount not more than \$1,000, a claim against the United States, not cognizable under any other provision of law, for—

"(1) damage to, or loss of, property; or

"(2) personal injury or death;

caused by a civilian officer or employee of the office of the Secretary of Defense, a civilian officer or employee of a military department, or a member of the Army, Navy, Air Force, or Marine Corps, as the case may be, incident to the use and operation of Government vehicles, or incident to the use of other property of the United States on a Government installation. Regulations prescribed by the Secretary of a military department under the authority of this section shall not become effective until the expiration of 60 days after they have been filed with the Committees on the Judiciary of the House and Senate of the United States; and the Congress may, within such time, amend or disapprove any such regulation by a concurrent resolution embodying the amendment or statement of disapproval.

"(b) A claim may not be allowed under subsection (a) if the damage to, or loss of, property, or the personal injury or death, was caused wholly or partly by a negligent or wrongful act of the claimant, his agent, or his employee;" and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

Page 3, line 5, strike out " "; and" and insert:

"(e) A claim may not be paid under subsection (a) unless the amount tendered is accepted by the claimant in full satisfaction.

"(f) Any payment made under this section shall be reduced by any amount received by the claimant in the form of insurance payments or compensation based on the same damage, loss, personal injury, or death. A payment made under authority of this section is not subject to any claim for reimbursement by any insurance company or compensation insurance fund; and such a payment does not absolve any insurer, in whole or in part, of any obligation under any contract of insurance;" and the Senate agree to the same.

Amendment numbered 3: That the Senate recede from its amendment numbered 3.

JOSEPH C. O'MAHONEY,  
SAMUEL J. ERVIN, JR.,  
ARTHUR V. WATKINS,

Managers on the Part of the Senate.

THOMAS J. LANE,  
EDWIN E. WILLIS,  
RICHARD H. POFF,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. O'MAHONEY. Mr. President, under existing provisions of law, the Secretary of the Navy has authority to pay property damage claims in an amount not exceeding \$500, if the damage was caused by a member of the Naval Service acting outside the scope of his employment.

House bill 1061 proposes to repeal the existing statute, and to extend the authority previously conferred upon the Secretary of the Navy by, first, making it applicable to all branches of the armed services; second, making it applicable in cases of personal injury and death claims, as well as property claims; third, making it applicable where the damage, injury, or death was caused by a civilian employee of the military department as well as a member of the armed services; fourth, permitting delegation of the authority to settle such claims; fifth, raising the limitation on any award from \$500 to \$1,000, with an additional limitation that, in cases of personal injury or death, claims be confined to the payment of reasonable medical, hospital, and burial expenses actually incurred and not otherwise furnished or paid by the United States.

As approved by the Senate, this measure would require that such damage, injury, or death occur as an incident to the use or operation of Government vehicles or incident to the use of other Government property on a Government installation. It would further require that any award received pursuant to this legislation be in full satisfaction of the claim. It would also bar approval of the claim if the claimant were guilty of contributory negligence. It would likewise bar the payment of a claim asserted by an insurer under a subrogation agreement in an insurance contract. It would further require that the claim, to be compensable, must be filed in writing within 2 years after it accrues.

These, or other safeguards, appear in other provisions of law granting authority to the military departments to settle claims against the United States.

The Senate also inserted in the bill a provision by which the regulations promulgated by the military departments and the Department of Defense must be submitted to Congress 60 days in advance of their effective date, in order that they will be subject to congressional review. All these provisions were added in order to safeguard the interests of the Government, since the claims which would be payable, if this



legislation were enacted, are of a type in which no legal liability exists, but in which there may be a degree of responsibility on the part of the United States.

All the basic proposals approved by the Senate are, by the conference agreement, to be accepted by the House of Representatives. The Senate recedes only from its amendment to the analysis or heading of the section in question.

Mr. President, I move that the Senate agree to the conference report.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

#### SOCIAL SECURITY AMENDMENTS OF 1958

The Senate resumed the consideration of the bill (H. R. 13549) to increase benefits under the Federal old-age, survivors, and disability insurance system, to improve the actuarial status of the trust funds of such system, and otherwise improve such system; to amend the public assistance and maternal and child health and welfare provisions of the Social Security Act; and for other purposes.

Mr. KUCHEL. Mr. President, on behalf of myself, my senior colleague [Mr. KNOWLAND], and the junior Senator from Minnesota [Mr. HUMPHREY], I submit the amendments which I send to the desk, and ask to have stated.

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 92, in line 19, it is proposed to strike out "\$65" and insert in lieu thereof "\$70."

On page 93, line 3, strike out "\$35" and insert in lieu thereof "\$40."

On page 96, line 23, strike out "\$65" and insert in lieu thereof "\$70."

On page 97, line 7, strike out "\$35" and insert in lieu thereof "\$40."

On page 99, line 3, strike out "\$65" and insert in lieu thereof "\$70."

On page 99, line 13, strike out "\$35" and insert in lieu thereof "\$40."

The PRESIDING OFFICER. Does the Senator from California desire to have the amendments considered en bloc?

Mr. KUCHEL. Yes.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. KUCHEL. Mr. President, after all the mumbo-jumbo of the involved so-called variable formula written into the bill is cleared away, one shocking, incredible fact comes to light; namely, the gross, indefensible, inequitable, and miserable manner in which aged citizens in some States of the American Union are treated by the bill, in contrast to the manner in which similarly situated elderly Americans in other States are treated. Thus, if the Senate approves what the Senate committee has proposed under this new, complicated formula, an aged person in 1 or 2 States of the Nation will receive from the Federal Government an increase of more than \$10 a month, whereas an aged person in California will receive an increase of only 77 cents a month. That is the unfair, unjust, and unholy result which this bill would produce.

Thus, Mr. President, it should be very clear that the pending amendments, which relate to the provisions of the bill which would result in unequal treatment, should be agreed to.

Mr. President, I recognize that in the United States, some States are better able to take care of their responsibilities in public assistance and other State problems than are other States.

The State from which I come spends, today, more money on public assistance than do any other three States in the Nation combined. The people of California are proud of their accomplishments through their State government.

In 1956, Congress authorized an increase of \$4 for each recipient of old-age aid, subject to what each State legislature would provide. The California legislature immediately thereafter approved that increase, and gave that increased benefit to the recipients of old-age assistance in our State.

Last year, the California legislature approved a general increase in the old-age and blind assistance and, in addition, appropriated the moneys necessary to take advantage of the medical program which the Congress had adopted in 1956.

Under this State legislation, the people of California contributed \$17 million more to the public-assistance program in California, plus \$13 million more for medical care, the latter to be matched by the Federal Government in an equal amount. So the people of California increased by \$30 million a year their expenditures in this field of State government. I have mentioned these facts, in order to demonstrate what I believe should be abundantly clear—namely, that the people of my State have been generous with the aged, and the blind, and with those other of our fellow citizens who need assistance.

Mr. President, should the Senate penalize an American State for being fair and just? Should the Senate of the United States now approve the action recommended by the Senate Finance Committee—which has written into the pending bill provisions for such an amazing disparity of treatment that an elderly person in one State will have his old-age assistance payments automatically increased by \$10.29, whereas such a person in another State will have his payments increased by the munificent sum of 77 cents. But that is what the bill, as reported to the Senate, would do, and the Senate ought to remedy the situation by adopting our amendments.

Mr. President, the amendments which have been drafted and which are now before the Senate do not close that disparity completely, but they do provide for lessening the tremendous differences of treatment which the bill before the Senate now unhappily provides. Thus, in a State such as mine, about \$3.50 more a month would come to the individual who is qualified for old-age aid, under the provisions of the pending amendments.

The cost to the Federal Government would be about \$40 million a year. There is no question about that. But I ask Senators whether in good conscience we

can approve the action of a committee which has resulted in such a perfectly incredible mistreatment of elderly Americans in one American State as against treatment of citizens similarly qualified for assistance in another State?

Mr. POTTER. Mr. President, will the Senator yield?

Mr. KUCHEL. No; not yet. I want to say one more thing, Mr. President. Mine is the example of a liberal State which has its growing fiscal problems. Mine is an example of an American State with fairly high State tax laws. The people of my State are going to have to face up to increased costs of State government to solve many of their problems.

I indicated on the floor of the Senate yesterday when the Senate approved some California reclamation bills that the people of California will be required to pay \$11 billion—I want to repeat that, because I do not want to be misunderstood, \$11 billion—to provide for a State water system in order to bring water to the people who live in California and who are coming into our State at the rate of 500,000 a year.

So there is not involved here a question of saying, "Oh, California is a wealthy State. Let us, here in the Senate, leave it alone. Let us make an additional contribution of 77 cents to that Senator's State, because the people of that State are wealthy and they can absorb the difference." That simply is not so. So I am glad to inquire into this highly technical field and to offer an amendment which, as I say, would provide that in such a State as mine about \$3.66 a month would be given to the recipient of aged aid, without lessening by a single penny or, indeed, adding to the \$12.16 which an elderly citizen in at least one American State would receive under the terms of the bill as reported by the committee.

I ask that the Senate approve these amendments.

Mr. KERR. Mr. President, will the Senator yield?

Mr. KUCHEL. I first yield to my distinguished friend from Michigan.

Mr. POTTER. I came into the Chamber while the distinguished Senator was explaining his amendments, and I did not hear how the formula, under his amendments, would work. Can the Senator briefly explain the formula? As I understand, adoption of the amendments will mean an increase in cost of about \$40 million in the program.

Mr. KUCHEL. It will not touch the formula, but by raising the maximum amount on which the formula would operate to \$70—translated into plain language which the Senator and I can understand—it would mean no one would be given less than the schedule which the distinguished Senator from Oklahoma has provided, but some of us come from States whose eligible recipients would be given, as I say, about \$3.66, instead of 77 cents as this present bill provides.

Mr. POTTER. I believe, under the schedule of what the States will receive under the pending bill, the State of Michigan will receive about \$3.82 for each recipient. Is that correct?









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued August 19, 1958  
For actions of August 18, 1958  
85th-2d, No. 143

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HIGHLIGHTS: Senate concurred in House amendment to farm bill. House rejected: Food stamp plan bill. Omnibus housing bill. House appointed conferees on bill to extend Public Law 480, and supplemental appropriation bill. Senate passed bill to extend Mexican farm labor program.

## HOUSE

1. FOOD STAMPS. The "Daily Digest" states that "by a record vote of 196 yeas to 187 nays the House rejected a motion to suspend the rules and pass with amendments H. R. 13067, to provide for the establishment of a food-stamp plan for the distribution of \$1 billion worth of surplus food commodities a year to needy persons and families in the U. S." Since all of the House proceedings for August 18 does not appear in the Congressional Record for this date, only part of the debate on this bill appears in the Record. pp. D870-71, 16888-90
2. HOUSING. Voted, 251 to 134, to suspend the rules and pass S. 4035, the omnibus housing bill. Since this was not the required two-thirds vote for the passage of a bill under suspension of the rules, the bill was rejected. pp. 16788-812
3. APPROPRIATIONS. Conferees were appointed on H. R. 13250 the supplemental appropriation bill for 1959. Senate conferees have been appointed. p. 16842



Received the conference report on H. R. 12858, the public works appropriation bill for 1959 (H. Rept. 2670). pp. 16812-17

Agreed to a unanimous consent request of Rep. Cannon for consideration of the independent offices appropriation bill when it is reported. p. 16842

4. FARM PROGRAM. Agreed to the Senate request to return S. 4071, the farm bill, to the Senate for further consideration. p. 16842
5. SURPLUS COMMODITIES; FOREIGN TRADE. Conferees were appointed on S. 3420, to extend Public Law 480. Senate conferees have been appointed. p. 16842
6. VIRGIN ISLANDS. Conferees were appointed on H. R. 12226, to extend until June 30, 1969, the charter of the Virgin Islands Corporation, including new authority to operate salt water distillation facilities and continuation of authority for sugar production. Senate conferees have been appointed. p. 16843
7. FRUITS AND VEGETABLES. Passed over without prejudice, at the request of Rep. Byrnes, H. R. 11056, to extend restrictions on certain imported citrus fruits dried fruits, walnuts, and dates. pp. 16843-44
8. FORESTRY. Passed without amendment H. R. 12704, to provide that receipts from the National Forests may be used for general local government matters as well as for public schools and public roads. p. 16843  
Passed over without prejudice, at the request of Rep. Byrnes, H. R. 12201, to authorize the Secretary of Interior to exchange lands to provide for an administrative site in the El Portal area of the Yosemite National Park, Calif., including the exchange of National Forest lands. p. 16846  
Passed without amendment S. 3682, to authorize the sale or exchange of certain Forest Service lands in Pima County, Ariz. This bill will now be sent to the President. A similar bill, H. R. 12242, was tabled. pp. 16866-67  
Passed over without prejudice, at the request of Rep. Byrnes, S. 3587, to authorize the Secretaries of Agriculture and Interior to investigate and report to Congress as to the advisability of establishing a national park in the Wheeler Peak-Lehman Caves area of Nev. p. 16867  
Passed with amendments S. 4053, to extend the boundaries of the Siskiyou National Forest, Ore., after substituting the language of H. R. 13101, a similar bill which had been passed earlier with amendments. H. R. 13101 was tabled. pp. 16867-68
9. LANDS. Passed without amendment S. 2517, to authorize the States to choose mineral lands in making selections in lieu of sections of public lands occupied before State claims were made. This bill will now be sent to the President. p. 16844  
Passed over without prejudice, at the request of Rep. Dingell, S. 3754, to provide for the exchange of lands between the U. S. and the Navajo Indians. p. 16846
10. RECLAMATION. Passed without amendment S. J. Res. 190, to approve the report of the Dept. of Interior on Red Willow Dam and Reservoir, Nebr. This measure will now be sent to the President. A similar measure, H. Con. Res. 301, was tabled. p. 16845  
Passed as reported S. 3448, to permit the Secretary of Interior to authorize increases in the 160-acre limitation on the Seedskadee Reclamation project. p. 16846



visions for a secret ballot in union elections, for the reform of trusteeships, and for complete accounting of union finances.

But our consideration of the bill suffers because of the lack of hearings by the House Committee on Education and Labor, and the absence of a report. Furthermore, the limitation on debate inherent in the consideration of the bill under suspension of the rules does not give the legislative process a full chance to operate.

Finally, the impossibility of amending the bill means that unwise sections of the bill cannot be cut out. For example, I believe that the non-Communist affidavit for employers contained in S. 3974 is just as unwise and as gratuitously insulting as the requirement of the similar affidavit for union officials contained in the Taft-Hartley Act. Two wrongs do not make a right, nor does a second insult atone for the first.

Mr. JUDD. Mr. Speaker, I had hoped and expected that we would be able to enact long overdue legislation during this session of Congress to correct corruption, violence and abuses of power in some labor organizations.

In a questionnaire sent to the voters in my congressional district, containing a great many unions of all types, the question was asked:

In general, do you believe our present labor laws give union members adequate democratic control over the policies and decisions of their unions?

Over 63 percent of the 11,000 who replied said, "No," 27 percent said, "Yes," and less than 10 percent gave no opinion. If labor organizations are to represent the interests and views of their members, then the members must be assured greater control over elections of officers, management of finances, decisions on strikes, and so forth.

Mr. Speaker, when the Kennedy-Ives bill was passed by the Senate after being amended a score or more times on the floor of that body, with a dozen or so other important amendments rejected by narrow margins, the AFL-CIO promptly condemned the bill, saying, among other things, that parts of it were "dangerous" and "unworkable." Much of management at first approved the bill as a step forward. Later both reversed themselves—the AFL-CIO saying the good outweighed the bad, and management groups saying the bad outweighed the good. Obviously, the bill needed careful study to determine the facts.

In such a situation, Mr. Speaker, there was only one sensible thing to do; namely, have the House Committee hold hearings on the Senate-passed bill. Let the good and bad features be pointed out, analyzed, and suitable amendments adopted; then have the bill as amended by the committee brought to the House for full and free debate and action on any further amendments proposed by Members. This is the regular way the Congress operates. Why should we be denied that opportunity on the most important bill in 10 years in this exceedingly important field of legislation, affecting every citizen of the Republic?

There was plenty of time—2 months. Yet the Senate bill was not referred by the Speaker to the House Committee on Education and Labor for 40 days. There it slumbered 20 more days. When an effort was made in committee to take it up for consideration in the proper way, the motion was voted down overwhelmingly, with the Democrat Members, so we are told, who are today demanding passage of the Senate bill as is, with only 40 minutes' debate and no amendments, voting against the bill in committee.

Mr. Speaker, what kind of performance is this? And what are the reasons why passage of an unstudied bill is all of a sudden so urgently necessary after all the unnecessary delays by the leadership of the party that controls the House and each of its committees by substantial majorities?

It seems to me that the only sensible thing for us to do today is to reject this unprecedented procedure on so important and far-reaching a bill. It can be taken up only 4½ months from now when the new Congress will be convening. Or, if its passage is so sorely needed at once, then let the committee take it up now and the Congress stay here 2 or 3 weeks more and do the job right? Let us not play fast and loose with the millions of workers of America—their jobs, their livelihood. It is more important that we not disrupt the industry of America, the source of so much of our strength and well-being, than that we adjourn this week.

Much as I hoped we could help labor tackle responsibly its housecleaning job, I cannot vote for this bill under these circumstances. This is not the way to deal with the problem.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill S. 3974?

Mr. McCORMACK. Mr. Speaker, as long as we are going to have a rollcall on this, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 190, nays 198, not voting 41, as follows:

#### [Roll No. 175]

#### YEAS—190

Addonizio	Carrigg	Fogarty
Albert	Celler	Forand
Allen, Calif.	Chelf	Frazier
Anderson,	Christopher	Frelinghuysen
Mont.	Clark	Fulton
Anfuso	Coad	Garmatz
Ashley	Coffin	Granahan
Aspinall	Corbett	Green, Oreg.
Baker	Cretella	Green, Pa.
Baldwin	Cunningham,	Griffiths
Baring	Iowa	Hagen
Barrett	Cunningham,	Hays, Ohio
Bass, N. H.	Nebr.	Healey
Bass, Tenn.	Curtis, Mass.	Heslton
Beckworth	Dawson, Ill.	Holfield
Bennett, Fla.	Delaney	Holland
Bennett, Mich.	Dellay	Holmes
Blatnik	Denton	Holtzman
Boggs	Diggs	Horan
Boland	Dingell	Hosmer
Bolling	Dollinger	Huddleston
Boyle	Donohue	Hull
Breeding	Dorn, N. Y.	Ikard
Brooks, Tex.	Dwyer	Jarman
Broomfield	Eberharder	Jennings
Brown, Mo.	Edmondson	Johnson
Buckley	Elliott	Jones, Ala.
Byrne, Pa.	Fallon	Karsten
Canfield	Farbstein	Kean
Cannon	Fascell	Kelly, N. Y.
Carnahan	Feighan	Keogh

Kilday  
King  
Kirwan  
Kluczynski  
Knutson  
Lane  
Lankford  
Lesinski  
Libonati  
McCarthy  
McCormack  
McDonough  
McFall  
McGovern  
Macdonald  
Machrowicz  
Mack, Ill.  
Madden  
Magnuson  
Mahon  
Mailliard  
Matthews  
Metcalfe  
Miller, Calif.  
Mills  
Morano  
Morris  
Morrison  
Moss  
Moulder  
Muller  
Natcher  
Nix  
O'Brien, Ill.

O'Brien, N. Y.  
O'Hara, Ill.  
O'Konski  
O'Neill  
Osmer  
Passman  
Patman  
Patterson  
Pelly  
Pfoz  
Philbin  
Poage  
Polk  
Porter  
Price  
Rabaut  
Rains  
Reyes  
Rhodes, Pa.  
Rohman  
Roberts  
Rodino  
Rogers, Colo.  
Rogers, Fla.  
Rogers, Mass.  
Rooney  
Roosevelt  
Rutherford  
Santangelo  
Saund  
Schwengel  
Scott, Pa.  
Seely-Brown  
Selden

Sheehan  
Shelley  
Sheppard  
Sieminski  
Sikes  
Sisk  
Smith, Miss.  
Spence  
Springer  
Steed  
Sullivan  
Taylor  
Teller  
Thomas  
Thompson, N. J.  
Thompson, Tex.  
Thornberry  
Tollefson  
Trimble  
Udall  
Ullman  
Walter  
Watts  
Wharton  
Wier  
Withrow  
Wolverton  
Wright  
Yates  
Young  
Zablocki  
Zelenko

#### NAYS—198

Abbutt  
Abernethy  
Adair  
Alexander  
Alger  
Allen, Ill.  
Andersen,  
H. Carl  
Andrews  
Arends  
Ashmore  
Auchincloss  
Avery  
Ayres  
Bailey  
Barden  
Bates  
Beamer  
Becker  
Belcher  
Bentley  
Berry  
Betts  
Bolton  
Bonner  
Bosch  
Bow  
Bray  
Brown, Ga.  
Brown, Ohio  
Brownson  
Broyhill  
Budge  
Burleson  
Bush  
Byrd  
Byrne, Ill.  
Byrnes, Wis.  
Cederberg  
Chamberlain  
Chenoweth  
Chipperfield  
Church  
Clevenger  
Collier  
Cooley  
Coudert  
Cramer  
Curtin  
Curtis, Mo.  
Dague  
Davis, Ga.  
Davis, Tenn.  
Dawson, Utah  
Dennison  
Dent  
Derounian  
Devereux  
Dixon  
Dooley  
Dorn, S. C.  
Dowdy  
Durham  
Everett  
Evins  
Fenton  
Fisher

Flood  
Flynt  
Ford  
Forrester  
Fountain  
Gary  
Gathings  
Gavin  
George  
Glenn  
Grant  
Gregory  
Griffin  
Gross  
Gubser  
Gwinn  
Haley  
Halleck  
Harden  
Hardy  
Harris  
Harrison, Nebr.  
Harrison, Va.  
Harvey  
Haskell  
Hays, Ark.  
Hemphill  
Henderson  
Herlong  
Hess  
Hiestand  
Hill  
Hoeven  
Hoffman  
Holt  
Hyde  
Jackson  
Jensen  
Johansen  
Jonas  
Judd  
Kearns  
Keating  
Kee  
Kilgore  
Kitchin  
Knox  
Krueger  
Lafore  
Laird  
Latham  
Lennon  
Lipscomb  
Loser  
McCulloch  
McGregor  
McIntosh  
McMillan  
Mack, Wash.  
Marshall  
May  
Meador  
Morrow  
Michel  
Miller, Md.  
Miller, Nebr.  
Minshall

Mitchell  
Moore  
Morgan  
Mumma  
Murray  
Neal  
Nicholson  
Nimtz  
Norblad  
Norrell  
O'Hara, Minn.  
Ostertag  
Perkins  
Pilcher  
Pillion  
Poff  
Quie  
Ray  
Reece, Tenn.  
Reed  
Rees, Kans.  
Rhodes, Ariz.  
Riley  
Rivers  
Robison, N. Y.  
Robison, Ky.  
Rogers, Tex.  
Sadlak  
St. George  
Saylor  
Schenck  
Scherer  
Scott, N. C.  
Scrivner  
Scudder  
Simpson, Ill.  
Simpson, Pa.  
Smith, Calif.  
Smith, Kans.  
Smith, Va.  
Staggers  
Stauffer  
Taber  
Talle  
Teague, Calif.  
Tewes  
Thomson, Wyo.  
Tuck  
Utt  
Van Pelt  
Van Zandt  
Vinson  
Vorys  
Vursell  
Weaver  
Westland  
Whitener  
Whitten  
Widnall  
Wigglesworth  
Williams, Miss.  
Willis  
Wilson, Calif.  
Wilson, Ind.  
Younger



## NOT VOTING—41

Baumhart	Hébert	Powell
Blitch	Hillings	Preston
Boykin	James	Prouty
Brooks, La.	Jenkins	Radwan
Burdick	Jones, Mo.	Robeson, Va.
Colmer	Kearney	Shuford
Dies	Kilburn	Siler
Doyle	Landrum	Teague, Tex.
Engle	LeCompte	Thompson, La.
Fino	McIntire	Vanik
Friedel	Martin	Wainwright
Gordon	Mason	Williams, N. Y.
Gray	Miller, N. Y.	Winstead
Hale	Montoya	

So, two-thirds not having voted in favor thereof, the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Vanik and Mr. Doyle for, with Mr. Hébert against.

Mr. Engle and Mr. Friedel for, with Mr. Landrum against.

Mr. Fino and Mr. Montoya for, with Mr. Teague of Texas against.

Mr. Burdick and Mr. Gordon for, with Mr. Baumhart against.

Mr. Wainwright and Mr. Powell for, with Mr. Kilburn against.

Until further notice:

Mr. Winstead with Mr. Hale.

Mr. Colmer with Mr. James.

Mr. Robeson of Virginia with Mr. Jenkins.

Mr. Thompson of Louisiana with Mr. Kearney.

Mr. Preston with Mr. Miller of New York.

Mrs. Blitch with Mr. Mason.

Mr. Brooks of Louisiana with Mr. McIntire.

Mr. Boykin with Mr. LeCompte.

Mr. Dies with Mr. Hillings.

Mr. Gray with Mr. Prouty.

Mr. Shuford with Mr. Siler.

Mr. MERROW changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

## STATEMENT OF THE SPEAKER

The SPEAKER. The Chair desires to make a statement. The Chair is going to lay down a request from the Senate for the return of a bill, then recognize Members to send bills to conference.

## PROVIDING MORE EFFECTIVE PRICE, PRODUCTION ADJUSTMENT, AND MARKETING PROGRAMS FOR VARIOUS AGRICULTURAL COMMODITIES

The SPEAKER laid before the House the following request from the Senate:

Ordered, That the House of Representatives be requested to return to the Senate the bill (S. 4071) entitled "An act to provide more effective price, production adjustment, and marketing programs for various agricultural commodities," asking a conference with the House thereon, and appointing conferees.

Attest:

FELTON M. JOHNSTON,  
Secretary.

Mr. H. CARL ANDERSEN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. H. CARL ANDERSEN. Mr. Speaker, is this request subject to objection?

The SPEAKER. It is not. It is a privileged matter.

The question is on agreeing to the request of the Senate.

The request was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. The Clerk will notify the Senate of the action of the House.

## AMENDING AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, with House amendment thereto, insist on the House amendment and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. COOLEY, POAGE, ANFUSO, HILL, and HOEVEN.

## SUPPLEMENTAL APPROPRIATION BILL, 1959

Mr. CANNON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 13450) making supplemental appropriations for the fiscal year ending June 30, 1959, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. CANNON, THOMAS, KIRWAN, ROONEY, GARY, TABER, JENSEN, VURSELL, and BOW.

## PUBLIC WORKS APPROPRIATION BILL

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the public works appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

## INDEPENDENT OFFICES APPROPRIATION BILL

Mr. CANNON. Mr. Speaker, I ask unanimous consent that it may be in order for the House to consider the independent offices appropriation bill when it is reported.

The SPEAKER. Is that satisfactory to the gentleman from New York?

Mr. TABER. We have no objection.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

## RETIREMENT, CLERICAL ASSISTANTS, AND MAILING PRIVILEGES FOR FORMER PRESIDENTS

Mr. MURRAY submitted the following conference report and statement on the bill (S. 607) to provide retirement, clerical assistants, and free mailing privileges to former Presidents of the United States, and for other purposes:

## CONFERENCE REPORT (H. REPT. No. 2657)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 607) entitled "An Act to provide retirement, clerical assistants, and free mailing privileges to former Presidents of the United States, and for other purposes", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1 and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment, as follows:

Restore the matter proposed to be stricken out by the House amendment with the following changes:

Page 1, line 9, of the Senate engrossed bill, strike out all matter following the word "President" down to but not including the period in line 11, and insert in lieu thereof the words "an office staff".

Page 2, line 4, of the Senate engrossed bill, strike out all matter following the word "exceed" down to and including the period in line 10, and insert in lieu thereof "\$50,000 per annum. The rate of compensation payable to any such person shall not exceed the maximum aggregate rate of compensation payable to any individual employed in the office of a Senator. Each individual appointed under this subsection to a position on the office staff of a former President shall be held and considered to be an employee of the Government of the United States for the purposes of the Civil Service Retirement Act, the Federal Employees' Compensation Act, and the Federal Employees' Group Life Insurance Act of 1954."

Page 2, line 14, of the Senate engrossed bill, strike out the words "located in a Federal building".

And the House agree to the same.

Amendments numbered 3, 4, 5, and 6: That the House recede from its amendments numbered 3, 4, 5, and 6.

Amendment to the title: That the House recede from its amendment to the title of the bill.

TOM MURRAY,  
JAMES H. MORRISON,  
EDWARD H. REES,

Managers on the Part of the House.

OLIN D. JOHNSTON,  
MIKE MONRONEY,  
DICK NEWBERGER,  
FRANK CARLSON,  
THRUSTON B. MORTON,

Managers on the Part of the Senate.

## STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 607) entitled "An Act to provide retirement, clerical assistants, and free mailing privileges to former Presidents of the United States, and for other purposes", submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued August 22, 1958

For actions of August 21, 1958

85th-2d, No. 146

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**HIGHLIGHTS:** Both Houses cleared supplemental appropriation bill. Conferees agreed to file report on bill to extend Public Law 480. Sen. Williams criticized administration of drought relief loan programs. House rejected minerals stabilization payments bill. House received conference report on education bill.

## HOUSE

- 1. FOREIGN TRADE; SURPLUS COMMODITIES.** Conferees agreed to file a report on S. 3420, to extend Public Law 480. The "Daily Digest" states that "conferees agreed to a 1½-year extension of this act." (p. D888) Agreed to a unanimous consent request by Rep. Albert to authorize the Agriculture Committee to file a report of the conferees on the bill by midnight Thurs., Aug. 21. (p. 17484)
- 2. MINERAL PAYMENTS.** Rejected, 159 to 182, S. 4036, to provide production payments to certain mineral producers to stabilize the price of certain minerals. pp. 17454-72
- 3. FORESTRY.** The Agriculture Committee reported with amendment H. R. 10614, to provide for the conveyance of certain Forest Service land to Sumter County, Fla. (H. Rept. 2685). This bill had been ordered reported by the Committee earlier. pp. 17510, D888
- 4. LIVESTOCK DISEASE.** The Agriculture Committee agreed to accept Senate amendments to H. R. 12126, to extend to wild animals the same prohibition against entry into the U. S. as domestic animals from any country where rinderpest or foot-and-mouth disease exists. p. D888



5. TEXTILES. Conferees agreed to file a report on H. R. 469, to provide protection against misbranding and false advertising of the fiber content of textile fiber products. p. D889
6. PERSONNEL. Received the conference report on S. 1411, to give agencies discretion in suspending or retaining on duty Federal employees prior to security hearings (H. Rept. 2687). (pp. 17484-85, 17510) The report explains the actions of the conferees as follows:

"The Senate bill proposed a change in the provisions of the Act of August 26, 1950, which now require that the officer or employee concerned must be suspended without pay before he may receive a hearing, by providing, in effect, that in cases arising under such Act the officer or employee need not necessarily be suspended without pay pending a hearing but may be retained, in the discretion of the department or agency head, in the same or another position pending a hearing of his case.

"The House amendment continued this provision of the Senate bill and, in addition, reenacted the existing provisions of the Act of August 26, 1950, so as to clarify its application to activities of the Federal Government and provide additional safeguards for the protection of officers and employees from arbitrary actions thereunder.

"The conference substitute is the same as the House amendment except for the following change:

"The conference substitute makes it clear that the provisions of the revised Act of August 26, 1950, as contained in the amendment made by the first section of the conference substitute will be effective with respect to any action or proceeding for suspension or termination of employment commenced prior to July 1, 1959, but that the provisions of section 4 of such act as contained in such amendment will not be effective with respect to any case in which any such termination or employment was effected prior to the date of enactment of the conference substitute. Section 2 of the conference substitute also provides that the Act of August 26, 1950, as in effect immediately prior to the date of enactment of the conference substitute, shall be held and considered to remain in effect with respect to proceedings for suspension or termination of employment commenced after June 30, 1959.

"Under section 2 of the conference substitute it is intended that a Government department or agency may reopen any case disposed of under existing law, regardless of the outcome of such case, or may institute new proceedings in any such case. Any such reopened or new proceedings would be governed by the provisions of the Act of August 26, 1950, as contained in the conference substitute. However, it is not intended that proceedings heretofore completed under existing law and resulting in the termination of employment of the employees involved may be reopened by such employees for the purpose of having their cases disposed of under the new provisions.

"This limitation on the effective period of this legislation is established with the understanding on the part of the committee of conference that this legislation as so limited will provide a statutory basis for the Government employee security programs pending the development of a permanent Government employee security program subsequent to the study and report of the Commission on Government Security (Sen. Doc. No. 64, 85th Cong., 1st sess.)."

7. EDUCATION. Received the conference report on H. R. 13247, the national defense education bill (H. Rept. 2688). (pp. 17500-510) The bill as reported from conference retains the Senate amendment providing for the establishment of a Science Information Council by the National Science Foundation to advise on matters relating to the indexing, abstracting, translating and other services leading to effective dissemination of scientific information, and providing that the Director of the Department of Agriculture Library be a member of the Council.



session tomorrow evening in making every effort to adjourn sine die by Saturday night, after completing action on Renegotiation Act, mutual security appropriations, debt limit increase, conference report on S. 3420, agricultural trade development, and the other appropriation bills.

Page 17446

**Program for Friday:** Senate adjourned at 7:49 p. m. until 9:30 a. m. Friday, August 22, when its unfinished business will be H. R. 11749, extend Renegotiation Act, and will also act on some of the legislation listed above under "Legislative Program."

Page 17448

## Committee Meetings

(Committees not listed did not meet)

### INVESTIGATION

**Select Committee on Improper Activities in the Labor or Management Field:** Committee continued its hearings to inquire into policies, practices, and activities of the International Brotherhood of Teamsters, with testimony from George B. Baker, Chicago; and Thomas E. Burke, V. B. Bowers, and Thomas L. Douglass, all of Miami.

Hearings continue Tuesday, August 26.

# House of Representatives

## Chamber Action

**Bills Introduced:** 13 public bills, H. R. 13836-13848, and 7 private bills, H. R. 13849-13855, were introduced.

Pages 17510-17511

**Bills Reported:** Reports were filed as follows:

H. R. 12899, relating to construction of San Luis unit of Central Valley project, California, and agreement for joint use of certain additional works, amended (H. Rept. 2682);

H. R. 7035, relating to the attachment and garnishment of wages, salaries, and commissions of judgment debtors in D. C. (H. Rept. 2683);

H. R. 13760, to provide for the denial of passports to persons knowingly engaged in activities intended to further the international Communist movement, amended (H. Rept. 2684);

H. R. 10614, land conveyance to Sumter County, Fla., amended (H. Rept. 2685);

Conference report on H. R. 13450, making supplemental appropriations for fiscal year 1959 (H. Rept. 2686);

Conference report on S. 1411, relating to suspension of employment of civilian personnel of the Federal Government (H. Rept. 2687); and

Conference report on H. R. 13247, to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical national needs (H. Rept. 2688).

Pages 17474, 17484-17485, 17500-17510

**Supplemental Appropriations:** The House insisted on its amendment to Senate amendment No. 36 and further insisted upon its disagreement to Senate amendment No. 114 to H. R. 13450, making supplemental appropriations for fiscal year 1959, agreed to a further conference with the Senate; and appointed Representatives Cannon, Thomas, Rooney, Gary, Taber, Ford, and Bow conferees.

Subsequently the House suspended the rules and agreed to the conference report on H. R. 13450, making

supplemental appropriations for fiscal year 1959, receded and concurred in Senate amendment No. 36 following adoption of a House amendment thereto, and again sent the bill to the Senate.

Page 17449

**Presidential Retirement:** By a voice vote the House adopted the conference report on S. 607, providing retirement, clerical assistants, and free mailing privileges for former U. S. Presidents, and thus cleared the legislation for Presidential action.

Pages 17450-17454

**Saline Water Conversion:** By a voice vote the House adopted the conference report on S. J. Res. 135, relating to the conversion of saline water to potable uses, and sent the bill to the Senate.

Page 17454

**Domestic Minerals Stabilization:** By a record vote of 159 yeas to 182 nays the bill S. 4036, to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines, failed of passage. Prior to its rejection the bill had been amended to delete support for tungsten trioxide and acid-grade fluorspar. Also adopted an amendment designed to prevent speculation in mineral stocks. Earlier a motion to strike the enacting clause while in the Committee of the Whole carried by a teller vote of 108 yeas to 98 nays; however, this action was reversed in the House by a record vote of 171 yeas to 174 nays.

Pages 17454-17472

**U. N. Force:** By a record vote of 299 yeas to 21 nays the House suspended the rules and adopted S. Con. Res. 109, to express the sense of the Congress on the establishment of the United Nations force, with an amendment. The amendment replaces the text with the language of H. Con. Res. 373, a similar resolution.

Pages 17477-17483

**Private Bill:** Complied with a unanimous-consent request and recommitted S. 3021, a private bill, to the Committee on the Judiciary.

Page 17483

**Independent Offices Appropriations:** Agreed to make in order on Friday the consideration of, under suspension of the rules, a bill making appropriations for sundry



independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1959.

Page 17483

**Cleared for President:** The following bills were cleared for Presidential action by House agreement to Senate amendments thereto:

*Imported exhibits:* H. R. 11889, to permit articles imported for exhibit at the Minnesota State Fair to be admitted without payment of tariff;

*Military law:* H. R. 8943, to amend titles 10, 14, and 32 of the U. S. Code, to codify recent military law and improve the code;

*Tax refund suits:* H. R. 9817, relating to venue in tax refund suits by corporations;

*Securities filming:* H. R. 9370, to permit illustrations and films of U. S. and foreign obligations and securities under certain obligations;

*Private bills:* H. R. 9950 and 1695, both private bills; and

*Military payment validation:* H. R. 3366, to validate overpayment of pay and allowances made to certain officers of the Army, Navy, Naval Reserve, and Air Force, while undergoing training at civilian hospitals.

Pages 17476, 17483-17484, 17487

**Unanimous Consent Passages:** Pursuant to unanimous-consent requests the following bills were called up, considered, and passed by the House:

*Hawaiian Nene Goose:* S. 4249, to authorize a program for the conservation, restoration, and management of the rare Hawaiian Nene goose (cleared for President).

Pages 17472-17473

*Puerto Rico:* H. R. 13666, to permit the appointment of the adjutant general of Puerto Rico as provided by the laws of the Commonwealth of Puerto Rico (sent to the Senate).

Page 17476

*Science clubs:* H. R. 13191, relating to clubs for boys and girls especially interested in science (sent to Senate).

Pages 17485-17487

*Private bill:* S. 3287, a private bill (cleared for President).

Page 17487

*Private bill:* S. 2836, a private bill (amended and returned to Senate).

Page 17487

**Bills Referred:** Three Senate-passed bills were referred to appropriate committees.

Page 17499

**Program for Friday:** Adjourned at 6:07 p. m. until Friday, August 22, at 12 o'clock noon, when the House will consider, under suspension of the rules, the independent offices appropriation bill for fiscal year 1959, act on sundry conference reports, and consider, under suspension of the rules, bills previously listed on page 17289 of Wednesday's Record.

## Committee Meetings

### AGRICULTURAL MISCELLANY

*Committee on Agriculture:* Met in executive session and ordered favorably reported to the House the following bills:

H. R. 10614 (amended), to provide for the conveyance of certain real property in the State of Florida to Sumter County, Fla.; and

H. R. 12126 (amended), to provide further protection against the introduction and dissemination of livestock diseases.

### D. C. LEGISLATION

*Committee on the District of Columbia:* Met in executive session and ordered favorably reported to the House H. R. 7035, to amend the Code of Law for the D. C. by modifying the provisions relating to the attachment and garnishment of wages, salaries, and commissions of judgment debtors.

## Joint Committee Meetings

### APPROPRIATIONS—SUPPLEMENTAL

*Conferees* agreed to file a second conference report on the differences between the Senate- and House-passed versions of H. R. 13450, fiscal 1959 supplemental appropriations bill.

### APPROPRIATIONS—MILITARY CONSTRUCTION

*Conferees* continued in executive session to resolve the differences between the Senate- and House-passed versions of H. R. 13489, fiscal 1959 appropriations for military construction, but did not reach final agreement, and will meet again tomorrow.

### AGRICULTURAL TRADE DEVELOPMENT

*Conferees* agreed to file a conference report on the differences between the Senate- and House-passed versions of S. 3420, to extend the Agricultural Trade Development and Assistance Act. *Conferees* agreed on a 1½-year extension of this act.

### CONFESSIONS IN EVIDENCE

*Conferees* met in executive session to resolve the differences between the Senate- and House-passed versions of H. R. 11477, to amend the U. S. Code with regard to admission of certain evidence, statements and confessions, but did not reach agreement, and recessed subject to call.

### D. C. JUVENILE COURT JUDGE

*Conferees* agreed to file a conference report on the differences between the Senate- and House-passed versions of H. R. 7785, to provide an additional judge for the



The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

# ILLUSTRATIONS OF CERTAIN UNITED STATES AND FOREIGN OBLIGATIONS AND SECURITIES

Mr. WILLIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9370) to permit illustrations and films of United States and foreign obligations and securities under certain circumstances, and for other purposes, together with Senate amendments thereto and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 2, line 13, after "illustrations" insert "except those of stamps."

Page 2, line 16, strike out "stamp or other."

Page 2, line 18, after "their" insert "final."

Page 2, line 20, strike out "except" and insert "but not."

Page 2, line 21, after "purposes" insert "except philatelic advertising."

Page 3, line 15, after "to," insert "uncanceled."

Page 3, line 16, strike out "canceled or."

Mr. KEATING. Mr. Speaker, reserving the right to object, will the gentleman explain the Senate amendments?

Mr. WILLIS. The effect of the Senate amendments generally is as follows:

The purpose of the first and second amendments is to continue in effect the situation under existing law whereby foreign stamps may be illustrated for certain purposes and under certain conditions without limitation as to the size of the illustrations. Illustrations of United States stamps would also be permitted in the same manner. With respect to the latter, illustrations at the present time are limited under regulations issued pursuant to the section being amended to a size less than three-quarters or more than 1½ the size of the genuine stamp. Representations have been made to this committee by philatelists and stamp dealers that postage stamp albums, catalogs, and other literature now in existence contain illustrations of foreign postage stamps in exact size as permitted under existing law, which publications would become subject to forfeiture if the bill became law in the form that it passed the House. Therefore, these amendments are designed to correct that situation. Moreover, the amendments to paragraph (1) of the first section of the bill would remove the existing size restrictions with respect to the illustration of United States stamps, inasmuch as there appears to be no logical reason to retain this restriction. The Treasury Department has indicated it has no objection to these amendments.

The purpose of the third amendment is to make clear that it would not be necessary to destroy negatives and plates used in making the illustrations that would be permitted until after their final use. The committee has been informed that plates used to make stamp albums, for example, are used several times over

during a period of time and the amendment would remove any possible doubt as to whether that practice can be continued.

The purpose of the fourth and fifth amendments is to permit the filming of stamps for advertising purposes. Postage stamp dealers have pointed out that without these amendments, they would be unable to show pictures of their products, that is, postage stamps, in advertising on such mediums as television. Since a special exception is made under existing law which permits illustrations of stamps in connection with advertising in printed publications, it would appear logical to permit such use in other mediums which have been developed since the original enactment of the prohibitions.

The purpose of the sixth and seventh amendments is to limit the definition contained in section 3 of the bill to uncanceled stamps of foreign governments whether or not demonetized. One of the principal practical effects of section 3 of the bill as referred to this committee would have been to prohibit completely colored illustrations of foreign postage stamps. Philatelists and stamp dealers have made strong representations to the committee that the complete prohibition of colored illustrations would have a highly adverse effect upon the stamp industry, particularly in the promotion of the sale of stamps through the use of colored illustrations of stamps. The Treasury Department, at whose instance this legislation was introduced, has contended, on the other hand, that United States and foreign postage stamps should receive uniform treatment under the laws of the United States and that whether or not an act is criminal under our laws should not depend on the law or act of a foreign government. These amendments are a compromise between those two positions, and one of its principal practical effects would be to permit the use of colored illustrations of canceled stamps of foreign governments. Under the amendments to section 3, it would not be necessary for the Treasury the change made in the catchline to the revised section of the code set out in section 1 of the bill.

Section 3 contains a definition of the term "obligation or other security of any foreign government" so as to include uncanceled stamps of foreign governments whether or not demonetized.

Section 4 of the bill, like section 2, is a drafting provision, and amends the chapter analysis of chapter 1, title 18 of the code to reflect the catchline of the new section 15 of title 18 as set forth in section 3 of the bill.

Mr. KEATING. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

## PERMISSION TO FILE CONFERENCE REPORTS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file a conference report on the bill S. 3420, to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MURRAY. Mr. Speaker, I ask unanimous consent that the Committee on the Post Office and Civil Service may have until midnight tonight to file a report on the bill S. 1411 to amend the act of August 26, 1950, relating to the suspension of employment of civilian personnel of the United States in the interest of national security.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MURRAY submitted the following conference report and statement:

### CONFERENCE REPORT (H. REPT. NO. 2687)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1411) to amend the Act of August 26, 1950, relating to the suspension of employment of civilian personnel of the United States in the interest of national security, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That the Act of August 26, 1950 (64 Stat. 476), is hereby amended to read as follows: 'That, notwithstanding the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 555), as amended (5 U. S. C. 652), or the provisions of any other law, the head of any department or agency of the United States Government may, in his absolute discretion and when deemed necessary in the interest of national security, suspend, without pay, any civilian officer or employee of the Government. To the extent that such agency head determines that the interests of the national safety and security permit, the employee concerned shall be notified of the reasons for his suspension and within thirty days after such notification any such person shall have an opportunity to submit any statements or affidavits to the official designated by the head of the agency concerned to show why he should be reinstated or restored to duty. The agency head concerned may, following such investigation and review as he deems necessary, terminate the employment of such suspended civilian officer or employee whenever he shall determine such termination necessary or advisable in the interest of the national security of the United States: *Provided*, That any employee having a permanent or indefinite appointment, and having completed his probationary or trial period, who is a citizen of the United States whose employment is suspended under the authority of this Act, shall be given after his suspension and before his employment is terminated under the authority of this Act, (1) a written statement within thirty days after his suspension of the charges against him, which



The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

#### S. 3021

Mr. WALTER. Mr. Speaker, I ask unanimous consent that the bill (S. 3021) for the relief of Stanislaw Wojczul be recommitted to the Committee on the Judiciary.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### CONSIDERATION OF INDEPENDENT OFFICES APPROPRIATION BILL TOMORROW UNDER SUSPENSION OF THE RULES

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that it may be in order for the Speaker tomorrow to recognize for a motion to suspend the rules and pass the independent offices appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

#### HOUSE LEADERSHIP FAILURE TO PERMIT CONSIDERATION OF ADEQUATE ANTIRACKETEERING LABOR LEGISLATION BEFORE ADJOURNMENT SHOULD RESULT IN THE PRESIDENT'S CALL OF A SPECIAL SESSION OF CONGRESS TO MEET THIS CRITICAL LEGISLATIVE PROBLEM

(Mr. CRAMER asked and was given permission to extend his remarks at this point.)

Mr. CRAMER. Mr. Speaker, much has been said and written about the Kennedy-Ives bill and the refusal of the House to be stampeded into accepting the politically inspired, take-it-or-leave-it, labor dictated and labor whitewash of racketeering within the unions.

I favor strong antiracketeering labor legislation that fully carries out the recommendations of the McClellan committee and incorporates the labor reform recommendations the President has made unsuccessfully to Congress for years. The Kennedy-Ives bill does neither but rather is a surrender to the demands of Walter Reuther, and would amount to the condonation of the atrocities of such unscrupulous labor bosses as Jimmy Hoffa.

The shortcomings of the bill, which was brought up under a rule that permitted only 40 minutes of debate on a 48-page bill after the bill had been held by the Democrat Speaker on his desk without opportunity for committee consideration for 40 days and 40 nights, and under a rule that excluded amendments to strengthen the bill, are so numerous that no conscientious legislator could swallow it.

Some of the inadequacies are:

First. That the bill did not carry out the labor reform recommendations of

the McClellan committee and thus would not have gotten rid of the Hoffas and the racketeering in unions.

Second. That the bill had no enforcement sanctions on unions that retain officers who file false or misleading financial reports to the Secretary of Labor.

Third. That the bill failed to provide for democratic elections by union members on matters vital to them.

Fourth. It tried to preempt the whole field of State labor laws, completely overturning States rights and responsibilities in this field, and overburdening the NLRB with work not administered in the States.

Fifth. It did not outlaw organizational or racketeer picketing even in cases when the parties to a dispute did not want such picketing.

Sixth. It did nothing to tighten up inadequate secondary boycott provisions of the present law.

Seventh. It placed management under penalty of \$10,000 fine for any action that might be construed as favoring the employee when the timing of such action coincided with union attempts to organize his employees, thus denying employees of many benefits otherwise obtainable.

Eighth. It provided for no penalties for improper union leadership activities by only requiring reporting and disclosure of such activities to the Secretary of Labor, with no power in the Secretary to penalize improper activities.

Ninth. It failed to provide for guarantee of trust funds against labor leader raiding by setting such funds up as trust funds.

From this, it can be clearly seen that the bill needed strengthening and clarification, particularly in the light of the fact that the Senate debated the bill for 5 days and added 28 amendments on the floor, none of which had been studied and carefully prepared after adequate hearings.

I refuse to be a party to the liberal Democrat-Labor conspiracy to fool the people of this country who have arisen in righteous and rightful indignation over the racketeering disclosures before the McClellan committee into settling for this whitewash of labor racketeering approach. Surely, to pass this milk-toast bill this session would prevent effective legislation.

I cannot too strongly urge the leadership of the House to permit the Members of Congress who are devotedly interested in strong antiracketeering legislation to vote on a bill this session, under a rule that permits full debate and needed strengthening amendments. To deny Members the opportunity to so legislate is to deny the millions of Americans who have not been taken in by the Reuthers, the ADA and the liberal prolabor Democrats by their propaganda drive to pass a weak whitewash bill, the Kennedy-Ives bill, their right to be represented in Congress.

I call upon the House leaders to exercise responsible leadership and to report the Senate bill under an open rule this session. If the leadership refuses to do this, I am prepared to and intend to use every persuasive effort to prevail on the President to call a special session to con-

sider this matter at the earliest possible date.

#### CORRECTION OF ROLL CALL

Mr. MACK of Washington. Mr. Speaker, on rollcall No. 185 of August 20 I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the permanent Record and Journal may be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### CODE OF MILITARY LAW

Mr. WILLIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8943) to amend titles 10, 14, and 32, United States Code, to codify recent military law, and to improve the code, with Senate amendments thereto, and ask unanimous consent to dispense with the reading of the Senate amendments or their printing in the Record, and that the Senate amendments be concurred in.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to dispensing with the printing of the Senate amendments in the Record?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana to concur in the Senate amendments?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

#### VENUE IN TAX REFUND SUITS

Mr. WILLIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9817) relating to venue in tax refund suits by corporations, together with Senate amendments thereto and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 2, lines 1 and 2, after "business" insert "or principal office or agency."

Page 2, lines 2 and 3, after "business" insert "or principal office or agency."

Mr. KEATING. Mr. Speaker, reserving the right to object, will the gentleman explain what this bill is?

Mr. WILLIS. This bill has to do with jurisdiction in tax refund cases. The gentleman will remember that there is confusion under present law as to where an action may be brought for tax refunds by corporations. The bill as we passed it would have required that the venue be in the district where the principal office or business was conducted. The Senate amendment simply adds the phrase "or agency."

Mr. KEATING. Mr. Speaker, I withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued August 25, 1958  
For actions of August 22 & 23, 1958  
85th-2d, Nos. 147 & 148

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HIGHLIGHTS: Both Houses agreed to conference report on bill to extend Public Law 480. Senate passed packers and stockyards bill. House passed bill to require State contributions to disaster relief. Senate concurred in House amendments to area development bill. Senate passed debt-limit increase bill. Sen. Proxmire criticized farm program and USDA budget. Senate adopted conference report on education bill. House passed second independent offices appropriation bill.



HOUSE - August 22

1. FOREIGN TRADE; SURPLUS COMMODITIES. Both Houses received and agreed to the conference report on S. 3420, to extend Public Law 480. (H. Rept. 2694)(pp. 17605-12, 17676-79, ~~17713~~) This bill will now be sent to the President.

As agreed to the bill provides as follows: Extends titles I and II for  $1\frac{1}{2}$  years, until Dec. 31, 1959. Authorizes an additional \$1.5 billion per year for title I operations, or a total of \$2 $\frac{1}{4}$  billion for the  $1\frac{1}{2}$ -year extension. Authorizes the use of foreign currencies acquired under the program, as may be specified from time to time in appropriation acts, for the acquisition of sites and buildings and grounds abroad for U. S. Government use; financing trade fair participation and related activities, including agricultural and horticultural fair participation and related activities; international education exchanges; expansion and operation of American-sponsored schools and educational institutions abroad; supporting workshops and chairs in American studies; and financing an expanded program of locating, evaluating, translating, and acquiring foreign books, periodicals, and other publications outside the U. S. which are of scientific, technical, and cultural significance to the U. S. Provides that negotiating agreements for sales of commodities for foreign currencies the President shall take reasonable precautions to assure that such sales will not unduly disrupt normal patterns of commercial trade with friendly countries. Authorizes the Secretary to barter or exchange CCC surplus commodities for various materials, whenever he determines that such action is in the best interest of the U. S., and to the maximum extent practicable. Prohibits the acquisition of strategic or critical materials by barter or exchange except for the national stockpile, the supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs. Provides that extra-long-staple cotton shall be made available for sale under title I in the same manner as upland cotton or any other surplus agricultural commodity, and that products manufactured from upland or long-staple cotton shall be made available for sale under title I under certain conditions. Authorizes the President to make any area under the jurisdiction of administration of the U. S., such as the Trust Islands of the Pacific and the Ryukyu Islands, eligible to participate in the surplus commodities disposal and distribution programs under Sec. 32 of the act of 1935 and Sec. 416 of the Agricultural Act of 1949. Continues the present authorization of \$800 million for donation of surplus commodities to friendly countries under title II.

With regard to the barter provisions of the bill, the conference report states as follows:

#### Barter

"The committee of conference, in including in the conference report a provision with respect to barter, has reiterated and strengthened the directive of Congress to the Secretary of Agriculture to carry on a meaningful and substantial barter program. There was no provision with respect to barter in the Senate bill. The Department of Agriculture vigorously opposed the inclusion of any provision relating to barter either in the House amendment or in the conference report. The fact that such a provision is included in the conference report, therefore, is a clear indication of the dissatisfaction of the House and of the conference committee with the manner in which the Secretary has executed his responsibilities to conduct a barter program during the past 15 months. In effect the Congress has felt it necessary to tell the Secretary to carry on a program which is already the law.

"The language of the conference report (sec. 6 of the report) amends section 303 of Public Law 480 and reiterates the policy of Congress that it is to the benefit of the United States to exchange surplus agricultural commodities which deteriorate in value and are costly to store for strategic and other materials of a type which will be needed by the United States, either in time of emergency



or in its normal economy as world supplies of these materials decrease. There are at least four other provisions of law in which a similar congressional policy is enunciated.

"In reenacting section 303, the committee has broadened the base from which the President may select in designating those materials which are to be imported in exchange for surplus agricultural commodities. Most of the ore, metals, minerals, or other materials that might be taken will not deteriorate, can be stored at substantially less cost than agricultural commodities and by their presence within the United States will improve its national resources.

"When Public Law 480 was enacted, the Congress specifically stated in its legislative reports on that legislation that barter was to be a priority method of disposal. Until May 28, 1957, a successful barter program was in operation within the Department, but was brought to a practical stop through regulations issued by the Secretary establishing the so-called 'additionality requirements,' placing upon prospective barter contractors the responsibility of proving that barter transactions would be over and above all possible cash sales.

"The effect of this actions was to give sales for foreign currency under title I of the act priority over disposal of surpluses by barter. During the fiscal year just passed, the Secretary has made agreements to sell surpluses for foreign currencies to at least 12 countries into which he refuses to let surplus commodities move under barter transactions without proof of 'additionality,' although he is required by section 101 (a) of this act to determine that sales under title I will be in addition to usual marketings of the United States before approving any such sale.

"The details of the barter provisions included in this conference report are relatively unimportant. Congress is not so much concerned with the administrative details of the Secretary's operations as that he should carry on an aggressive and effective barter program. Had he been doing so, there would have been no need for any barter legislation in this bill.

"One of the important changes made in existing law by the amendment reported herewith is that it relieves the Secretary of the responsibility of making a finding that barter transactions would protect the funds and assets of the Commodity Credit Corporation. Instead, the Congress has made the policy decision that barter is in the best interests of the country as a whole and intends and directs that the barter program be carried out substantially as it was prior to May 1957.

"Prior to that time the Secretary had properly interpreted the language of the existing statute that barter as directed by Congress does protect the funds and assets of the Commodity Credit Corporation. Under that interpretation, approximately \$350 million of surplus commodities were exchanged annually for strategic and other valuable materials. Having determined to bring that highly successful program to a halt, the Secretary suddenly decided that the language in the statute directed him to make a determination as to whether or not barter did protect the funds and assets of the Corporation. It was on the basis of this legalistic maneuver that the Secretary brought the program to a halt in May 1957.

"The language of the amendment reported herewith eliminates the provision which has given the Secretary this trouble and replaces it with a directive that he shall conduct barter operations 'to the maximum extent practicable' and 'whenever he determines that such action is in the best interest of the United States.' We would remind the Secretary that Congress has on several occasions and in several different statutes indicated that the exchange of surplus agricultural commodities for strategic and other materials of permanent value is in the best interests of the United States and indicates by its reenactment and amendment of section 303 of Public Law 480 that it does not consider a program such as he has been carrying out since May 1957 to be a satisfactory expression of that policy.

"The deletion of the language pertaining to the protection of assets was specifically designed to remove the legal base which permitted the Secretary to require so-called certificates of additionality to be furnished by contractors to establish that any sale through barter would be in addition to normal cash sales.



Nor is anything in this bill to be construed to permit the requiring of such certificates of additionality.

"The conferees were well aware of the testimony given before the committees of both Houses of Congress by the Department of Agriculture designed to show that their assets were not being protected because of the alleged replacement of cash sales by barter sales. At no time was competent evidence given to support these statements. Representative grain and cotton exporters testified that barter transactions do not displace dollar transactions, in fact, in normal trade practice they were handled in precisely the same way, and that barter transactions had many times made possible the sale of additional commodities for cash.

"The conferees were also aware of the fact that the data furnished the Congress by the Department of Agriculture showed that as barter transactions increased so did cash sales, and that as barter transactions decreased, there was a resulting decrease in cash sales.

"The House amendment contained a limitation of \$500 million on the amount of barter the Secretary could engage in in any 1 year. This has been removed from the bill agreed to by the conferees. This is a clear indication on the part of the conference committee that it did not want any such dollar limitation on the authority of the Secretary to exchange essentially valueless surpluses for materials of lasting value.

"The conferees also took notice of the fact that under existing law some of the Federal agencies had not cooperated to the fullest extent with the Commodity Credit Corporation in arranging barters. It therefore restated the requirement in the law that other governmental agencies cooperate with the Secretary in arranging, through private channels, barters or exchanges. However, this language does not mean that the Secretary may restrict the barter program in order to protect or conform with other programs of other Government agencies.

"The conferees specifically stated in regard to the present requirements for additionality that no restrictions should be placed on the countries of the free world into which surplus agricultural commodities may be sold excepting under certain conditions, spelled out in the legislation, where the Secretary must make specific findings.

"In the past the burden of proof as to additionality has been on the contractors in relation to each contract proposed by them. Under the language of the bill, that burden of proof has been shifted to the Secretary and, in exercising that authority, he is required to follow substantially the same procedures as are followed in title I of Public Law 480. However, it should be noted that the safeguarding of usual marketings of the United States. It is not intended that the usual marketings of other nations shall be a basis of consideration in the approval of a barter transaction.

"Furthermore, in the exceptions granted to the Secretary, he is required to assure that a particular barter transaction will not unduly disturb world prices of agricultural commodities. The conferees were aware that prior to May 28, 1957, barter contractors were offering nominal discounts in order to dispose of the commodities abroad. These discounts normally were around 1 to 2 percent. Following the May 28 directive, the requirements of the additionality program were so stringent and the movement of commodities so difficult that discounts of from 8 to 10 percent were reported. This bill contemplates that a discount of a few percent will not unduly disturb the world prices and not be the basis for establishing restrictions. If a discount is reported above this reasonable rate, the Secretary should take appropriate precautions and action to guard against the disturbing effect of such a large discount.

"The Secretary was also directed to assure that a barter sale does not replace a cash sale for American dollars. The burden of proof is on the Secretary to establish that the barter deal does in fact replace a cash sale for American dollars. If such a finding is made, it is the intention of the conferees that the particular barter transaction should be rejected.



"The conferees are also aware of the problem having to do with the exporting of wheat from Canada and other friendly nations. Accordingly, it has directed the Secretary to endeavor to cooperate with these countries with respect to commodities governed by formal, multilateral international marketing agreements to which the United States is a party. As a practical thing, the international wheat agreements are the only ones affected by this language and even though it might temporarily reduce by some 40 percent the ability of the United States to dispose of wheat through barter, it was the sense of the conferees that mutually agreeable plans should be worked out with Canada and other signatories of appropriate agreements.

"Furthermore, the conferees have recognized the economic and security factors in accepting domestically processed materials in lieu of ore. While the present law is silent on the subject, for a long time barter contracts were made for domestically processed materials. For some reason this program was stopped. It was the sense of the conferees that American labor and management should be permitted to participate in the barter program. Accordingly the bill specifically authorizes the Secretary to permit the processing of foreign ores by domestic processors. The House provision that alloys produced from domestic ores could be taken was eliminated from the bill.

"As we have stated above, the substantive changes in the law, while significant, <sup>are not nearly as significant</sup> as the fundamental fact that the Congress has felt it necessary to enact legislation to require performance of a program which it has previously established by law. This bill is designed to reinstate a barter program of at least the magnitude followed prior to the restrictive regulations issued by the Secretary of Agriculture. Not only will the assets and resources of our country be improved through this program, but there will be substantial savings in storage and depreciation costs, and the value of the materials taken in exchange for the commodities will increase as world supplies diminish."

2. DISASTER LOANS. Passed with amendment S. 304, to provide for a specific contribution by State governments to the cost of feed or seed furnished to farmers, ranchers, or stockmen in disaster areas. Rep. Cooley explained that as passed by the Senate the bill "provided that the States' participation would be to the extent of not less than 25 percent or more than 50 percent" and that the bill as amended by the House "provides that the participation shall be not in excess of 10 per centum, as the Secretary of Agriculture shall determine to be equitable of that part of the cost, including transportation of such feed or seed which is not paid by the recipients thereof." p. 17679

3. APPROPRIATIONS. Passed under suspension of the rules H. R. 13856, the independent offices appropriation bill for 1959. The bill deletes the \$589 million item for the civil service retirement fund to which the President objected when he vetoed the original appropriation bill for these agencies. The bill was reported earlier in the day by the Appropriations Committee (H. Rept. 2689). pp. 17631, 17634-6, 17715

Received the conference report on H. R. 13489, the military construction appropriation bill for 1959 (H. Rept. 2699). pp. 17666-7, 17715

4. PERSONNEL. Agreed to the conference report on S. 1411, to give agencies discretion in suspending or retaining on duty Federal employees prior to security hearings. (pp. 17636-7) See Digest 146 for provisions of this bill.

Both Houses received and agreed to the conference report on S. 25, to specify the effective date upon which changes in pay of wage-board employees shall begin following the start of a survey (H. Rept. 2691). (pp. 17590, 17637-8, 17715) This bill will now be sent to the President.

Agreed to the conference report on H.R. 7710, to provide for the lump-sum payment of all accumulated and accrued leave of certain deceased employees. (pp. 17638-9) This bill will now be sent to the President.



5. RESEARCH. Passed under suspension of the rules S. 4039, to authorize the head of any Government agency now making contracts for research to grant funds for the support of such research. (pp. 17656-7) The Senate later concurred in the House amendments to this bill. (p. 17599) This bill will now be sent to the President.
6. TEXTILE LABELING. Both Houses received and agreed to the conference report on H. R. 469, to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products (H. Rept. 2695). (pp. 17589-90, 17680-1, 17715) This bill will now be sent to the President.
7. LIVESTOCK DISEASES. Concurred in the Senate amendments to H. R. 12126, to extend to wild animals the same prohibition against entry into the U. S. as domestic animals from any country where rinderpest or foot-and-mouth disease exists. (p. 17685) This bill will now be sent to the President.
8. GRAZING PERMITS. Rep. Dingell stated that he objected to enactment of S. 3754, to permit the exchange of lands between Interior and the Navajo Indians, because of a provision in the bill providing for the compensation of owners of grazing permits on public land for the termination of their permits. p. 17696
9. SURPLUS COMMODITIES. Received from this Department the annual report of the Secretary on the orderly liquidation of commodities held by CCC and on programs to expand agricultural markets, pursuant to Public Law 540, 84th Congress. p. 17715
10. LEGISLATIVE PROGRAM. Rep. Albert announced that the Consent Calendar and Private Calendar would be called Sat., Aug. 23. p. 17685

SENATE - August 22

11. MEATPACKERS. Passed without amendment H. R. 9020, to transfer certain function under the Packers and Stockyards Act from this Department to the Federal Trade Commission. (pp. 17599-600) This bill will now be sent to the President.
12. AREA REDEVELOPMENT. Concurred in the House amendments to S. 3683, to establish a program to alleviate conditions of substantial unemployment or underemployment in certain economically depressed areas. This bill will now be sent to the President. pp. 17601-4  
Sen. Douglas explained the House amendments as follows: "The major amendments of the House were as follows:  
"First, the House in accordance with its general insistence upon keeping the added check of the appropriation procedure upon such financing programs, amended the proposed industrial and rural area loan funds to an authorization for appropriations for funds for such loans;  
"Second, the House deleted the Senate provision (sec. 7) for a \$100 million loan fund for public facilities to aid in attracting private enterprises to these areas;  
"Third, the House deleted a Senate provision (sec. 17) for the payment of retraining payments to persons not entitled to unemployment compensation, who are receiving training for a new job.  
"Other changes made by the House included: (a) a prohibition against any public facility grant that would compete with an existing private utility; (b) a requirement that each recipient of assistance keep prescribed records, subject to review by the Commissioner and the Comptroller General; (c) a revision of the wording in the provision in respect to plant relocation; (d)



## EXTENSION AND AMENDMENT OF PUBLIC LAW 480

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AUGUST 22, 1958.—Ordered to be printed

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Mr. COOLEY, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany S. 3420]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, with a recommendation that it do pass, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That section 101 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83rd Cong.), is amended by striking out the semicolon at the end of paragraph (a) thereof and adding "or normal patterns of commercial trade with friendly countries;"*.

SEC. 2. Section 103 (b) of such Act is amended to read as follows:

*"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1958, and ending December 31, 1959, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,250,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."*

SEC. 3. (a) Section 104 of such Act is amended by inserting before the period at the end of the first sentence of paragraph (h) thereof the following: *"and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446)"*.

(b) Section 104 of the *Agricultural Trade Development and Assistance Act of 1954*, as amended, is further amended by substituting a semicolon for the period at the end of paragraph (k) and adding the following new paragraphs:

"(l) For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: Provided, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;

"(m) For financing in such amounts as may be specified from time to time in appropriation acts (A) trade fair participation and related activities authorized by section 3 of the *International Cultural Exchange and Trade Fair Participation Act of 1956* (22 U. S. C. 1992), and (B) agricultural and horticultural fair participation and related activities;

"(n) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

"(o) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies."

SEC. 4. Section 109 of such Act is amended by striking out "June 30, 1958" and inserting in lieu thereof "December 31, 1959".

SEC. 5. Section 204 of such Act is amended by striking out "June 30, 1958" and inserting in lieu thereof "December 31, 1959".

SEC. 6. Section 303 of the *Agricultural Trade Development and Assistance Act of 1954* is amended to read as follows:

"SEC. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby



directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barter or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials."

SEC. 7. Section 206 (a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a semicolon and the following: "but no strategic or critical material shall be acquired by the Commodity Credit Corporation as a result of such barter or exchange except for such national stockpile, for such supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs".

SEC. 8. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act in the same manner as upland cotton or any other surplus agricultural commodity is made available, and products manufactured from upland or long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act as long as cotton is in surplus supply, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the Act: Provided, That that portion of the sales price of such products which is financed as a sale for foreign currency under title I of the Act shall be limited to the estimated portion of the sales price of such products attributable to the raw cotton content of such products.

SEC. 9. Notwithstanding any other provision of law (1) those areas under the jurisdiction or administration of the United States are authorized to receive from the Department of Agriculture for distribution on the same basis as domestic distribution in any State, Territory or possession of the United States, without exchange of funds, such surplus commodities as may be available pursuant to clause (2) of Section 32 of the Act of August 24, 1935, as amended (7 U. S. C. 612c), and Section 416 of the Agricultural Act of 1949, as amended (7 U. S. C. 1431); and (2) the Commodity Credit Corporation is authorized to purchase products of oil seeds, and edible oils and fats and the products thereof in such form as may be needed for donation abroad as provided in the following sentence. Any such commodities or products if purchased shall be donated to non-

*profit voluntary agencies registered with the Department of State, other appropriate agencies of the Federal Government or international organizations for use in the assistance of needy persons outside the United States. Commodity Credit Corporation may incur such additional costs with respect to such oil as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949.*

And the House agree to the same.

HAROLD D. COOLEY,  
W. R. POAGE,  
VICTOR L. ANFUSO,  
WILLIAM S. HILL,  
CHARLES B. HOEVEN,

*Managers on the Part of the House.*

ALLEN J. ELLENDER,  
OLIN D. JOHNSTON,  
JAMES O. EASTLAND,  
HUBERT H. HUMPHREY,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,  
EDWARD J. THYE,

*Managers on the Part of the Senate.*



## STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference of the two Houses on the amendment of the House to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The House amendment struck out all after the enacting clause of the Senate bill and substituted language which was basically title I of H. R. 12954 as reported by the committee. The House amendment was much more comprehensive than the Senate bill and contained numerous provisions, including several authorizing additional uses of foreign currencies and a provision with respect to augmented barter, which were not included in the Senate bill.

In general, the substitute amendment agreed on by the conferees follows the provisions of the House amendment. Except for minor and clarifying amendments, the differences between the House amendment and the substitute agreed upon by the conferees are as follows:

### PERIOD OF EXTENSION

The Senate bill extended titles I and II of the act for 2 years. The House bill extended these titles for 1 year. The conference amendment reported herewith extends titles I and II of the act for 1½ years, until December 31, 1959. Both House and Senate bills provided for operations under title I at the rate of not more than \$1.5 billion per year, and this rate of operation is retained in the conference report.

### STRATEGIC AND CRITICAL MATERIALS

Section 5 of the Senate bill (sec. 7 of the conference report) was not in the House bill. It prohibits the acquisition of strategic or critical material by barter or exchange except for the national stockpile, the supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs.

### LONG STAPLE COTTON AND COTTON PRODUCTS

Section 6 of the Senate bill (sec. 8 of the conference report) was not in the House amendment. As agreed to by the conferees, it provides that extra long staple cotton shall be made available for sale under title I of the act in the same manner as upland cotton or any other surplus agricultural commodity and that products manufactured from upland or long staple cotton shall be made available for sale under title I but that only that portion of the sales price of such products which is attributable to the raw cotton content of the product shall be eligible for financing under title I as a sale for foreign currency.

## ADDITIONAL USES OF FOREIGN CURRENCY

Sections 3, 4, 5, and 8 of the House amendment, providing additional uses of foreign currencies accruing from sales under title I, have been retained without substantive change as section 3 of the conference substitute. The provision authorizing use of foreign currencies for trade fair participation has been slightly amended to make clear that the authorization covers also agricultural and horticultural fair participation and related activities. These provisions retain the language requiring appropriation of foreign currencies for these additional uses, which appeared in the House amendment.

## RELIEF PROGRAMS

Section 6 of the House amendment, authorizing the President to extend relief and related programs to any area under the jurisdiction or administration of the United States, such as the Pacific Trust Islands or the Ryukyus, has been amended by the adoption of alternative language suggested by the Department of Agriculture. It is the understanding of the committee that title I now applies to these areas. The substance of the provision remains the same. This section, appearing as section 9 in the conference report, also includes a provision authorizing the Commodity Credit Corporation to purchase products of oilseeds and edible oils and fats and the products thereof and to donate such commodities abroad.

## MALARIA ERADICATION, PUBLIC HEALTH, AND RELATED USES

Section 7 of the House amendment has been eliminated from the conference report for technical reasons and because the committee on conference understands that the authority for use of foreign currencies which was spelled out in that amendment already exists. The committee of conference was in complete agreement, however, on the objectives of this section and emphasizes its view that more liberal use should be made of the authority now existing in section 104 of the act for financing nonself-liquidating projects for the development of human resources and skills. Experience has demonstrated that many such constructive projects, for example, in education, malaria eradication, and public health, are not suitable for financing on a loan basis. We are convinced that there are frequently cases of this sort where use of foreign currency sales proceeds on a grant basis can serve a higher priority development need than would be possible through their use on a loan basis. The conference committee deemed the application of section 1415 of the Supplemental Appropriation Act, 1953, to grants in such instances to be inappropriate and urges the President to make more liberal use of his authorities under this act than has been the case in the past.

## BARTER

The committee of conference, in including in the conference report a provision with respect to barter, has reiterated and strengthened the directive of Congress to the Secretary of Agriculture to carry on a meaningful and substantial barter program. There was no provision with respect to barter in the Senate bill. The Department of Agriculture vigorously opposed the inclusion of any provision relating to



barter either in the House amendment or in the conference report. The fact that such a provision is included in the conference report, therefore, is a clear indication of the dissatisfaction of the House and of the conference committee with the manner in which the Secretary has executed his responsibilities to conduct a barter program during the past fifteen months. In effect, the Congress has felt it necessary to tell the Secretary to carry on a program which is already the law.

The language of the conference report (sec. 6 of the report) amends section 303 of Public Law 480 and reiterates the policy of Congress that it is to the benefit of the United States to exchange surplus agricultural commodities which deteriorate in value and are costly to store for strategic and other materials of a type which will be needed by the United States, either in time of emergency or in its normal economy as world supplies of these materials decrease. There are at least four other provisions of law in which a similar congressional policy is enunciated.

In reenacting section 303, the committee has broadened the base from which the President may select in designating those materials which are to be imported in exchange for surplus agricultural commodities. Most of the ore, metals, minerals, or other materials that might be taken will not deteriorate, can be stored at substantially less cost than agricultural commodities and by their presence within the United States will improve its national resources.

When Public Law 480 was enacted, the Congress specifically stated in its legislative reports on that legislation that barter was to be a priority method of disposal. Until May 28, 1957, a successful barter program was in operation within the Department, but was brought to a practical stop through regulations issued by the Secretary establishing the so-called "additionality requirements," placing upon prospective barter contractors the responsibility of proving that barter transactions would be over and above all possible cash sales.

The effect of this action was to give sales for foreign currency under title I of the act priority over disposal of surpluses by barter. During the fiscal year just passed, the Secretary has made agreements to sell surpluses for foreign currencies to at least 12 countries into which he refuses to let surplus commodities move under barter transactions without proof of "additionality," although he is required by section 101 (a) of this act to determine that sales under title I will be in addition to usual marketings of the United States before approving any such sale.

The details of the barter provisions included in this conference report are relatively unimportant. Congress is not so much concerned with the administrative details of the Secretary's operations as that he should carry on an aggressive and effective barter program. Had he been doing so, there would have been no need for any barter legislation in this bill.

One of the important changes made in existing law by the amendment reported herewith is that it relieves the Secretary of the responsibility of making a finding that barter transactions would protect the funds and assets of the Commodity Credit Corporation. Instead, the Congress has made the policy decision that barter is in the best interests of the country as a whole and intends and directs that the barter program be carried out substantially as it was prior to May 1957.

Prior to that time the Secretary had properly interpreted the language of the existing statute that barter as directed by Congress does protect the funds and assets of the Commodity Credit Corporation. Under that interpretation, approximately \$350 million of surplus commodities were exchanged annually for strategic and other valuable materials. Having determined to bring that highly successful program to a halt, the Secretary suddenly decided that the language in the statute directed him to make a determination as to whether or not barter did protect the funds and assets of the Corporation. It was on the basis of this legalistic maneuver that the Secretary brought the program to a halt in May 1957.

The language of the amendment reported herewith eliminates the provision which has given the Secretary this trouble and replaces it with a directive that he shall conduct barter operations "to the maximum extent practicable" and "whenever he determines that such action is in the best interest of the United States." We would remind the Secretary that Congress has on several occasions and in several different statutes indicated that the exchange of surplus agricultural commodities for strategic and other materials of permanent value is in the best interests of the United States and indicates by its reenactment and amendment of section 303 of Public Law 480 that it does not consider a program such as he has been carrying out since May 1957 to be a satisfactory expression of that policy.

The deletion of the language pertaining to the protection of assets was specifically designed to remove the legal base which permitted the Secretary to require so-called certificates of additionality to be furnished by contractors to establish that any sale through barter would be in addition to normal cash sales. Nor is anything in this bill to be construed to permit the requiring of such certificates of additionality.

The conferees were well aware of the testimony given before the committees of both Houses of Congress by the Department of Agriculture designed to show that their assets were not being protected because of the alleged replacement of cash sales by barter sales. At no time was competent evidence given to support these statements. Representative grain and cotton exporters testified that barter transactions do not displace dollar transactions, in fact, in normal trade practice they were handled in precisely the same way, and that barter transactions had many times made possible the sale of additional commodities for cash.

The conferees were also aware of the fact that the data furnished the Congress by the Department of Agriculture showed that as barter transactions increased so did cash sales, and that as barter transactions decreased, there was a resulting decrease in cash sales.

The House amendment contained a limitation of \$500 million on the amount of barter the Secretary could engage in in any one year. This has been removed from the bill agreed to by the conferees. This is a clear indication on the part of the conference committee that it did not want any such dollar limitation on the authority of the Secretary to exchange essentially valueless surpluses for materials of lasting value.

The conferees also took notice of the fact that under existing law some of the Federal agencies had not cooperated to the fullest extent with the Commodity Credit Corporation in arranging barter. It



therefore restated the requirement in the law that other governmental agencies cooperate with the Secretary in arranging, through private channels, barter or exchanges. However, this language does not mean that the Secretary may restrict the barter program in order to protect or conform with other programs of other Government agencies.

The conferees specifically stated in regard to the present requirements for additionality that no restrictions should be placed on the countries of the free world into which surplus agricultural commodities may be sold excepting under certain conditions, spelled out in the legislation, where the Secretary must make specific findings.

In the past the burden of proof as to additionality has been on the contractors in relation to each contract proposed by them. Under the language of the bill, that burden of proof has been shifted to the Secretary and, in exercising that authority, he is required to follow substantially the same procedures as are followed in title I of Public Law 480. However, it should be noted that the safeguarding of usual marketings is limited to the safeguarding of usual marketings of the United States. It is not intended that the usual marketings of other nations shall be a basis of consideration in the approval of a barter transaction.

Furthermore, in the exceptions granted to the Secretary, he is required to assure that a particular barter transaction will not unduly disturb world prices of agricultural commodities. The conferees were aware that prior to May 28, 1957, barter contractors were offering nominal discounts in order to dispose of the commodities abroad. These discounts normally were around 1 to 2 percent. Following the May 28 directive, the requirements of the additionality program were so stringent and the movement of commodities so difficult that discounts of from 8 to 10 percent were reported. This bill contemplates that a discount of a few percent will not unduly disturb the world prices and not be the basis for establishing restrictions. If a discount is reported above this reasonable rate, the Secretary should take appropriate precautions and action to guard against the disturbing effect of such a large discount.

The Secretary was also directed to assure that a barter sale does not replace a cash sale for American dollars. The burden of proof is on the Secretary to establish that the barter deal does in fact replace a cash sale for American dollars. If such a finding is made, it is the intention of the conferees that the particular barter transaction should be rejected.

The conferees are also aware of the problem having to do with the exporting of wheat from Canada and other friendly nations. Accordingly, it has directed the Secretary to endeavor to cooperate with these countries with respect to commodities governed by formal, multi-lateral international marketing agreements to which the United States is a party. As a practical thing, the international wheat agreements are the only ones affected by this language and even though it might temporarily reduce by some 40 percent the ability of the United States to dispose of wheat through barter, it was the sense of the conferees that mutually agreeable plans should be worked out with Canada and other signatories of appropriate agreements.

Furthermore, the conferees have recognized the economic and security factors in accepting domestically processed materials in lieu of ore. While the present law is silent on the subject, for a long time

barter contracts were made for domestically processed materials. For some reason this program was stopped. It was the sense of the conferees that American labor and management should be permitted to participate in the barter program. Accordingly the bill specifically authorizes the Secretary to permit the processing of foreign ores by domestic processors. The House provision that alloys produced from domestic ores could be taken was eliminated from the bill.

As we have stated above, the substantive changes in the law, while significant, are not nearly as significant as the fundamental fact that the Congress has felt it necessary to enact legislation to require performance of a program which it has previously established by law. This bill is designed to reinstate a barter program of at least the magnitude followed prior to the restrictive regulations issued by the Secretary of Agriculture. Not only will the assets and resources of our country be improved through this program, but there will be substantial savings in storage and depreciation costs, and the value of the materials taken in exchange for the commodities will increase as world supplies diminish.

HAROLD D. COOLEY,  
W. R. POAGE,  
VICTOR L. ANFUSO,  
WILLIAM S. HILL,  
CHARLES B. HOEVEN,

*Managers on the Part of the House.*











# INCREASE IN MEMBERSHIP OF BOARD OF APPEALS OF PATENT OFFICE

Mr. O'MAHONEY. Mr. President, I ask that the Chair lay before the Senate the amendment of the House of Representatives to Senate bill 1864.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1864) to authorize an increase in the membership of the Board of Appeals of the Patent Office; to provide increased salaries for certain officers and employees of the Patent Office; and for other purposes, which was, on page 2, line 2, strike out all after "\$20,000" down through and including "amended" in line 13.

Mr. O'MAHONEY. Mr. President, this bill was introduced in the Senate by the able Senator from Wisconsin [Mr. WILEY], on behalf of himself and myself.

The bill was passed by the Senate, and went to the House of Representatives. An amendment was adopted by the House; the amendment reduces the salaries provided for some of the officials of the Patent Office.

The Senator from Wisconsin [Mr. WILEY] and I and the other members of the Judiciary Committee are willing to accept that amendment.

Therefore, I move that the Senate concur in the amendment of the House.

Mr. CURTIS. What subject does the amendment cover? Does it cover only the salaries?

Mr. O'MAHONEY. Yes; only the salaries.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wyoming that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

## MR. AND MRS. CARMEN SCOPPETTUOLO

Mr. O'MAHONEY. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to House bill 4059.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 4059) for the relief of Mr. and Mrs. Carmen Scoppettuolo, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. O'MAHONEY. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CARROLL, Mr. HENNING, and Mr. WATKINS conferees on the part of the Senate.

# INCREASE IN DIVERSION OF WATER FROM LAKE MICHIGAN INTO THE ILLINOIS WATERWAY

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the

consideration of Calendar No. 2548, H. R. 2.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 2) to authorize the State of Illinois and the Metropolitan Sanitary District of Greater Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

Mr. WILEY. Mr. President, as I understand, the Senator from Montana has now moved that the Senate proceed to the consideration of H. R. 2. Is that correct?

Mr. MANSFIELD: Yes.

Mr. WILEY. When can we start with that argument?

Mr. MANSFIELD. I have not the slightest idea. I would say in about 15 minutes or a half hour.

Mr. WILEY. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana that the Senate proceed to the consideration of the bill.

The motion was agreed to; and the Senate proceeded to consider the bill.

## AMENDMENT OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT—CONFERENCE REPORT

Mr. ELLENDER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. CURTIS. Mr. President, will the Senator from Louisiana tell us what is proposed to be done?

Mr. ELLENDER. Mr. President, after meeting with the House on four different occasions, the conferees unanimously agreed to the report that I am now presenting to the Senate. The extension, as will be recalled, was for 2 years under the Senate bill, and 1 year under the House bill. The compromise reached was for 1½ years. The amount of money which would be provided under title I by the bill was \$3 billion for the 2-year period. Because of the fact that the period of time provided was reduced by a half year, the amount of money provided was reduced in proportion, that is, to \$2¼ billion.

Two new uses were provided for foreign currencies by the Senate bill. The first was for the use of some of the funds for educational exchange activities under the Smith-Mundt Act.

The second was for colleges abroad which were built with American capital. That provision will affect such colleges as Roberts College in Baghdad, and American University in Beirut.

The House added 3 additional new uses for the funds. One of them was to provide additional funds for the erection and acquisition of buildings and lands abroad for the use of our Government. Another provision related to participation in trade fairs and related activities.

The third new use for the funds provided by the House amendment related to the interpretation of foreign technical works. All five of these new uses are included in the conference substitute.

The barter provision which was rejected by the Senate was incorporated almost verbatim in the House bill; but after quite a lot of discussion between the Senate and the House conferees, the conference agreed to a barter provision. I wish to say the barter provision does not materially change the present law. As a matter of fact, the existing law appears entirely adequate and the provision of the conference substitute leaves the authority to barter exactly as it is. It does not make any change in substance at all. So in order to be accommodating to the House, the Senate agreed to, really and truly, in my humble opinion, a reenactment of the present barter provision. It does not broaden it in any manner which I can see. The Senate satisfied the House by accepting it.

Now I wish to say at this point that I strongly favor good hard barter where we dispose of surplus agricultural commodities which we otherwise would not dispose of and get full value in return. Any time that we can reduce our stores of surplus commodities in return for some material which we do not ourselves produce in adequate amounts and which can be stored and maintained in good condition at less cost than the commodities which it replaces, I am for it.

The Secretary of Agriculture has full authority under existing law and under the conference substitute to engage in such a barter program and I, for one, will be watching to see that he carries on an aggressive program to reduce our surpluses through barter wherever the opportunity presents itself. Of course, I am not for any barter transactions which do not reduce our stocks of commodities. I am not for any barter transactions where we could sell for dollars, where the bartered commodity would be shipped out of the United States for dollars in any event and the sole effect of the barter transaction is to put the dollars in the pockets of some one else instead of the Government.

Under the conference substitute the Secretary has complete authority to do everything necessary to reduce our surplus stocks through barter, and full responsibility to see that barter transactions do not simply divert dollars which the Government would have received to others.

Mr. LAUSCHE. Mr. President, will the Senator yield?



Mr. ELLENDER. I yield.

Mr. LAUSCHE. There has been considerable discussion about an effort being made to include in the bill provisions which would enable an exchange for diamonds under the barter provision. Has there been any such discussion in committee?

Mr. ELLENDER. There has been such discussion, but there is no prohibition against the Secretary bartering for industrial diamonds right now. The Secretary of Agriculture can do it if that is in the best interests of the United States. The law with respect to that matter has not been changed. It is still up to the Secretary of Agriculture as to whether or not to make exchanges of surplus commodities for minerals and other commodities of value.

Mr. LAUSCHE. Was there any special effort made to procure an amendment which might have been a direction to the Secretary of Agriculture as to a particular type of commodity or material which he might accept under the bartering program?

Mr. ELLENDER. I may say to the distinguished Senator we could not have handled any such matter in conference, because it was not a subject for the consideration of the conferees. We could not have done it had we desired to do it, because the subject matter was not in conference.

Mr. LAUSCHE. However, the law has not been changed at all? The barter provisions remain as they have been?

Mr. ELLENDER. The authority remains as now provided. There has been no substantive change, although the language has been changed somewhat.

There is one provision which we agreed to, relating to something which the Secretary has a right to do now. That is to permit the processing in this country, in our own facilities, of raw materials which come from abroad. However, the Secretary of Agriculture already has that power, I might say to the Senator. The House was desirous of putting new language in the bill, and we agreed to do so.

Mr. LAUSCHE. I thank the Senator.

#### PERIOD OF EXTENSION

Mr. ELLENDER. Mr. President, I have covered generally the results of the conference on this bill. I would now like to explain the provisions of the conference substitute in somewhat more detail. The Senate bill provided for a 2-year extension of titles I and II of Public Law 480, 83d Congress, which provide, respectively, for the sale of surplus commodities for foreign currency, and for the donation of such commodities to friendly countries for famine, other urgent relief and other purposes. The House amendment provided for only a 1-year extension. The conferees compromised on 1½-year extension.

#### AMOUNT AUTHORIZED

Both bills provide additional authorization under title I of \$1.5 billion per year. For a 1½-year extension, this would amount to \$2¼ billion, and the conference substitute consequently provides for a \$2¼ billion authorization.

#### NEW USES OF FOREIGN CURRENCIES

The Senate bill added two new uses for foreign currencies acquired under title I to those now provided by the law. One of these was for educational exchanges under title II of the Smith-Mundt Act. Another was for assistance to American sponsored schools abroad. The House amendment provided for both of these new uses and, in addition, provided for the acquisition of sites and buildings abroad for United States Government use, trade-fair participation and financing the analysis of foreign books and materials. The conference substitute includes all five of these new uses. The provision for trade-fair participation was modified slightly to provide specifically for participation in agricultural and horticultural fairs and related activities. The provision authorizing the use of foreign currencies to acquire sites and buildings includes a parenthetical clause that this is in addition to funds otherwise made available for such purposes. This clause has been included only because of the special provisions which govern expenditures under the Foreign Building Act, and the absence of the clause in any of the other subsections is not to be construed as placing any limitation on the other uses authorized.

#### APPROPRIATION ACT REQUIREMENT

Each of these new uses for foreign currencies was limited under the House amendment to the amount specified in appropriation acts and the conference substitute adopts this principle of the House amendment. It is not intended, however, that activities which may be carried out under existing provisions of the law would be subjected to this limitation by reason of the fact that they might also be carried out under the new provisions. For example, agricultural trade fair promotional exhibit activities may be carried out under section 104 (a). These would continue to be financed out of section 104 (a) funds without the necessity of appropriation therefor. On the other hand, new types of activities authorized by section 104 (m) would be subject to the appropriation requirement.

#### COTTON AND COTTON PRODUCTS

The Senate bill provided that extra-long staple cotton and cotton products should be made available under title I of Public Law 480. The House amendment had no similar provision. The conference substitute contains this provision in a modified form, which limits the financing of the exportation of cotton products under title I to the financing of the estimated portion of the sales price attributable to the raw-cotton content of the product.

#### BARTER

The House amendment contained a barter provision substantially similar to a provision which the Senate had stricken from the bill. The conference substitute contains a barter provision which makes certain changes in language but no change in substance from existing law. The existing law provides that the Secretary shall enter into barter contracts

whenever he has reason to believe that such contracts offer an opportunity to protect the funds and assets of the Commodity Credit Corporation. In lieu of this provision the conference substitute provides that the Secretary shall enter into barter contracts whenever he determines that such action is in the best interest of the United States. The conference substitute is, of course, somewhat broader than the existing provision in that it requires the Secretary not only to protect the assets of the Commodity Credit Corporation, but to protect all other interests of the United States as well. This does not represent a substantive change from the existing law, however, since, of course, as an officer of the United States the Secretary has the obligation in all cases of acting in the best interests of the United States.

The House amendment provided that in carrying out barters or exchanges no restriction should be placed on the countries of the free world into which surplus agricultural commodities might be sold, except where the Secretary made a specific finding as to a particular transaction that such transaction would replace a cash sale for dollars. This would have imposed upon the Secretary the burden of establishing with respect to each transaction whether or not such transaction would replace a cash sale for dollars. At present the Department requires in the case of certain countries—and in general, these are the countries which normally pay dollars for their purchases—that the barter contractor must present evidence that the barter transaction will not result in the replacement of cash sales for dollars. The conference substitute provides that no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, "except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barters or exchanges under this act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars." This language gives the Secretary fully as much authority as he now has to see that barters do not replace cash sales. Before entering into barter contracts providing for shipment of commodities to the so-called dollar countries or, in fact, to any countries, the Secretary may continue to require certificates of additional evidence that such shipments will be in addition to sales which could be made for dollars. It is of no advantage to the Government to barter when the commodities will be exported for dollars in any event and the Secretary should not enter into any barters which are not to the advantage of the United States. On the other hand the Secretary should use barter wherever that action will result in additional exportations and be in the best interest of the United States. The provision of the conference substitute makes it clear that the Congress is interested in good hard barter, and that the Secretary should



take whatever action is necessary to accomplish that objective.

The \$500 million limitation on barter contained in the House amendment, which was also intended as a goal, is omitted from the conference substitute.

The House amendment specifically provided that barter contracts might be entered into for materials which result from the domestic processing of raw materials of foreign origin, or of domestic origin where the domestic processor agrees to import an equivalent amount of similar foreign material. The conference substitute provides that the Secretary may permit the domestic processing of raw materials of foreign origin. While not specifically stated in the existing law the Secretary now has that authority. This additional language therefore results in no substantive change in the law.

The House amendment struck from the existing law a provision stating that materials acquired through barter by the Commodity Credit Corporation should be considered assets of the Corporation, and that other agencies of the Government in purchasing such materials should purchase them from the Commodity Credit Corporation to the extent available in fulfillment of their requirements. This provision was considered as no longer being of any significance, since section 206 (a) of the Agricultural Act of 1956 provides for the transfer of such materials to the national stockpile or the supplemental stockpile unless acquired for other purposes; and section 5 of the Senate bill, which was adopted by the conference substitute, provides that no strategic or critical materials shall be acquired through barter, except for specified purposes or for transfer to such stockpiles. When transferred to such stockpiles, they may be released only under certain specified conditions. The conference substitute therefore adopts the House amendment in this regard.

As just stated, the conference substitute adopted section 5 of the Senate bill with respect to locking materials acquired through barter in the stockpiles.

#### DONATIONS

The House amendment provided authority for the donation of surplus commodities to trust territories and other areas under the jurisdiction or administration of the United States which are not now covered. The conference substitute adopts the substance of this provision, but has clarified the language and provided, in addition, authority for the Commodity Credit Corporation to purchase fats and oils for donation abroad.

#### MISCELLANEOUS

The House amendment required the President in negotiating agreements under title I of Public Law 480 to take reasonable precautions not to disrupt normal patterns of commercial trade with friendly countries. That is the present policy and the conference substitute therefore adopts the House language in this regard.

The House amendment contained language concerning grants under sec-

tions 104 (d) and (e) of Public Law 480 for cooperative non-self-liquidating projects for the development of human resources and skills. As originally proposed in the House, this provision was intended to exempt such grants from the appropriation process. However, as approved by the House it exempted them from the appropriation process only if appropriated for. The provision therefore had no significance, but put in question the President's authority to waive the necessity of appropriation in such case. This provision is therefore omitted from the conference substitute.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement prepared by the Senator from Mississippi [Mr. STENNIS]. He happens to be in an Appropriations Committee meeting at this time.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR STENNIS IN SUPPORT OF AGRICULTURAL TRADE AND DEVELOPMENT ACT (PUBLIC LAW 480), AUGUST 22, 1958

Mr. President, the adoption of the conference report extending the Agricultural Trade and Development Act for 1½ years will be another important step in rounding out our agricultural legislation for 1959. This legislation, known as Public Law 480, has led to the exportation of considerable quantities of surplus cotton, rice, dairy products, poultry, and other agricultural products over the last several years. I am especially glad that the Senate and the House conferees have agreed on the basic principles of this bill and hope that the conference report will be adopted and cleared for the President's signature at the earliest possible date.

I have through the years supported Public Law 480, because I believe that it is a desirable program, establishing sound trade relationships which will become even more important in future years.

It is my understanding that through the barter transaction we would acquire materials which would involve minimum loss due to deterioration and would involve minimum storage charges. This program accomplishes the greatest dollar return for our investment, by acquiring critical materials which cannot be adequately produced domestically. It in effect converts our surplus agricultural commodities into valuable items which may otherwise be in critical shortage in time of emergency.

The new provision requiring the Secretary of Agriculture to enter into bartering agreements where such agreements are clearly in the best interest of the United States is encouraging. Under present law, private trade in effecting bargaining agreements have had to sustain the burden of proof that such agreements would not be disruptive of normal trade channels. This provision has been particularly hard for private agencies and foreign governments to undertake. The new provision would require the Secretary of Agriculture to investigate the situation himself and make this determination. If the Secretary of Agriculture responds to this additional authority—and I am sure he will—he can encourage and strengthen our barter program. This method of trade has always appealed to me as a manner of disposing of our agricultural surpluses as well as increasing our emergency supply of critical materials which cannot be produced domestically.

Mr. President, another project which has had special appeal has been the use of foreign currencies for marketing development

projects. A number of foreign countries have entered into this program and have even invested their own funds in carrying out advertising, research, and sales promotion programs. This is certainly a desirable approach to one of our foreign marketing problems, and I hope that greater emphasis will be given to use of these currencies for this and other similar programs.

Mr. President, this program has proved to be most helpful in disposing of surplus agricultural commodities in a sound business way, and I am hopeful that substantial savings of funds now appropriated for our foreign aid program can be realized through implementation of this program.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, I wish to concur in the statement of the Senator from Louisiana, the chairman of the Committee on Agriculture and Forestry. Although there has been some change in the language, the bill as it refers to the bartering of commodities will leave the law almost exactly as it is today. There was a drive put on to greatly broaden the bartering provisions. The Senate was insistent, among other things, that the assets of the United States be protected in any bartering transactions. We also insisted that bartering should not be permitted when such bartering would displace dollar sales. That was what was finally resolved last night.

I feel that in spite of the change in the language, the law will be interpreted exactly as it is now. There are those who feel that the Secretary could have bartered more during the last few months. The Secretary has bartered about \$61 million worth of commodities since the 1st of January. There are those who feel the Secretary bartered altogether too much previous to this year, and I think they have some grounds for so believing. I believe the bartering was getting to the point where it was largely displacing dollar sales.

For practical purposes, the law relative to bartering will remain exactly as it is today.

Mr. LAUSCHE and Mr. THYE addressed the Chair.

Mr. ELLENDER. Mr. President, I yield to the Senator from Ohio, so that he may ask a question of the Senator from Vermont.

Mr. LAUSCHE. I am glad to hear the comments of the Senator from Vermont. I am sure the Senator from Louisiana feels that there are dangers in the bartering provisions of the bill. There will be many efforts made to eliminate cash sales or dollars sales and convert them into barter deals.

The reason I desire to ask a question is that word has come to me about terrific efforts which are to be made in the way of promoting barter deals in diamonds.

Mr. ELLENDER. Not only in diamonds, but in many metals, including bauxite and aluminum, which we have running out of our ears now.

Mr. AIKEN. Lead and zinc.

Mr. ELLENDER. Lead and zinc, and metals of that kind.



Mr. AIKEN. And many other commodities.

Mr. ELLENDER. I do not think the Senate need fear the changes made in the bill will in any manner change the past methods of dealing with the subject.

Mr. AIKEN. The fact is that if it were not required that the assets of the United States be protected, and if the barterers could go into dollar markets and sell at cut rates, they could do a very big business. The law, as we are asking the Senate to approve it, will not permit that to be done.

The Senator from Louisiana and I, as well as the Senator from Minnesota [Mr. THYE], are in full accord with the provisions of the bill and the intent of the language.

Mr. THYE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Minnesota.

Mr. THYE. I want to associate myself with the remarks of the distinguished Senator from Vermont. I am in accord with them.

I wish to commend the chairman of the committee, the Senator from Louisiana [Mr. ELLENDER], and the ranking Republican member of the committee, the Senator from Vermont [Mr. AIKEN] for having fought diligently throughout the winter and into the summer to bring forth a very constructive extension of Public Law 480.

We passed the bill last March. It is unfortunate this should have been a question before the Congress up until now, the 22d of August. I wish to associate myself with the remarks of the two senior Members of the Senate Committee on Agriculture and Forestry. The bill provides primarily what was provided in the previous act, and what passed the Senate. It will continue to serve the purpose for which intended.

Mr. President, the law will continue to serve this Nation, to expand not only our Nation's industrial economy but most certainly the agricultural economy, by moving surpluses off our national markets.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. AIKEN. Mr. President, I move that the Senate reconsider the vote by which the conference report was agreed to.

Mr. CURTIS. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nebraska [Mr. CURTIS] to lay on the table the motion of the Senator from Vermont [Mr. AIKEN] to reconsider.

The motion to lay on the table was agreed to.

Mr. THYE subsequently said: Mr. President, we have just approved an extension of Public Law 480.

It has been more than 5 months since the Senate originally passed the bill, on March 20, to extend provisions of this surplus disposal law. The bill we passed would have provided for an in-

crease of \$500 million in expenditure authorization for the fiscal year ending June 30, 1958.

This expenditure authorization was in addition to that provided for during the next 2 years.

The House of Representatives failed to act quickly and decisively.

That failure cost the farmers money. It caused the loss of the opportunity to move \$500 million worth of surplus commodities from our national markets before June 30.

Again, let me emphasize that Senate action was taken on March 20—more than 5 months ago. Had the House acted likewise, had the House moved swiftly and efficiently, the farmers could have benefited to the extent of \$500 million in April, May, and June.

It is as simple as that. The loss to the farmer can never be regained. Had we moved the \$500 million worth of surplus farm products, our national farm markets would have reflected a much firmer tone this summer. This applies especially in the dairy field. We had many applications for surplus products which could not be accepted or approved because there was no money available when it was needed.

We must lay this failure directly before the House of Representatives. The facts bear this out completely, beyond the shadow of a doubt.

Public Law 480 has proven to be of great benefit to agriculture by developing expanded exports of farm products. In turn, the Nation's economy in general has been strengthened.

If we ever are permanently to resolve our economic farm problems, we must broaden the use of agricultural commodities. Our farmers are capable of producing more than we ourselves consume or wear. The new frontier is research and development.

If properly applied and carried through, research and development will lead on to many more uses for agricultural products. The record of the past is clear enough in this respect. Livestock has been improved. Varieties of hybrid seed have increased productivity of our crops. Better management of soils has vastly increased the per-acre yield. Many acres are producing twice as many bushels of corn today as they produced when the land was first plowed from its virgin state.

All this is due to research and development in the production phase. We must do the same in the field of consumption and utilization of farm products themselves.

Conservation has been provided by the Soil Bank. This, of course, is highly desirable. It also creates an orderly method of laying acres idle, thereby lessening the number harvested. The conservation phase of the Soil Bank is sound. Future generations will have the assurance of productive land to till because of it.

The record will show that I have fought long and hard to obtain for agriculture its rightful share of the Nation's economy. I have always maintained that we will not achieve a solution to our farm economic problems until we develop

markets to absorb our surpluses and enact research and development legislation to broaden the use of farm products. Therefore, I have stood against any lowering of supports until this would be achieved.

I remember too clearly my personal experiences after World War I. In 1922, my wife and I obligated ourselves for high-priced machinery and dairy cows and started farming on our own. Then we experienced falling prices. Dairy cows we had paid hundreds of dollars for dropped to as low as \$34. There were no acreage allotments then. There were no price supports of any kind. There were no incentive programs.

Yet, even then, we saw surpluses piling up in our Nation's warehouses. We knew of markets breaking daily until the price of oats was so low we could hardly afford to haul them to town. A bushel of corn gave a farmer more heat in the kitchen range than it would purchase in the form of coal or fuel oil. Most farmers were forced to their knees. Many were crushed flat by the depression. They lost everything they had toiled so long and so hard for. Elderly couples saw the work of a lifetime vanish.

Local merchants watched their credit accounts increase and become more delinquent by the day. Local banks were forced by the banking regulations to call their loans and to refuse renewals. Some banks had their doors closed because they were not able to liquidate real estate holdings.

Farm families denied themselves physical needs and comfort. Their eyes and their children's eyes were often neglected. The farmer could not afford the simple necessity of glasses. The teeth of both parents were neglected, too. Although it may seem a small matter today, many a father and mother went without dentures in order to pay necessary interest and taxes on their property.

Then Congress acted. The Commissioners' Act was passed in 1933. It appropriated funds for what was termed a commissioners' loan—a second mortgage to the Federal Land Bank. These were loans to stave off the ever-increasing farm foreclosures and sheriff sales. I lived through those years as a young farmer. My knowledge of that time does not come from reading books. I know from experience that it was a day-to-day existence.

In 1933, I was asked to assist the St. Paul Federal Land Bank in appraising farm loans. Applications were in such volume that their staff was not capable of handling them. In this appraisal work, I came in contact with hundreds of farm families throughout the Midwest. I made a record of their obligations and obtained histories of their struggles and sacrifices. I met them when they were faced with foreclosures.

We were able, through an act of Congress, to renew their hope by granting them loans through consolidating their bills, real-estate mortgages, back interest, and taxes. Oftentimes, the loans or mortgages being foreclosed represented but a small percentage of the true value of the farms. The wave of loan renewals by action of the commissioners' loan



saved farms from foreclosure and permitted owners to stay in possession of their property.

Then various farm programs were developed to strengthen the farm economy. Surpluses which had accumulated in our warehouses, once a burden on the farm economy, became a blessing when our Nation was involved in World War II.

I have put forth this very brief history of agriculture legislation so that those who may have been critical of some of my actions will understand why I fought against a lowering of price supports for farm commodities. Price supports had to be maintained until we had provided legislative authorization on programs to absorb our surpluses through market developments on the one hand, and to reduce production of surpluses under the Soil Bank program on the other hand.

The number of acres harvested annually is being reduced under provisions of the long-range program of conservation reserve and under the yearly acreage reserve program. We might possibly make a mistake if we did not continue the acreage reserve part of the Soil Bank program. We should study this question carefully and, if the program is found to be a failure, we should then determine how it might be corrected and improved. We have a tremendous backlog of surplus commodities on hand and therefore it might be wiser to try improving the acreage reserve program than to simply abandon it.

We have taken another wise step in the course of this past year by enactment of S. 4100. This bill will greatly expand research and development in agriculture. It will broaden use of our agricultural products in the industrial field.

Public Law 480 was another administrative authorization that has served agriculture admirably. It afforded this Nation an opportunity to use surplus farm products in the international field. This has won for us friends among nations of the world where food shortages exist.

Many a child who was undernourished has been given a new lease on life because our surplus dairy products, for example, were made available under authorization of Public Law 480. I have had prepared a tabulation showing activities under Public Law 480, and I ask unanimous consent that it may be printed in the RECORD at this point.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

#### ACTIVITIES UNDER PUBLIC LAW 480

The total quantity and value of agricultural commodities contracted for under title I of Public Law 480 from the beginning of the programs through June 30, 1958, amounts to:

Wheat and wheat flour: 616.1 million bushels, valued at \$1,732.1 million;

Feed grains: 161.9 million bushels, valued at \$335.6 million;

Rice: 28.3 million hundredweight, valued at \$288.8 million;

Cotton: 3.2 million bales, valued at \$681.4 million;

Meat and dairy products: 353.8 million pounds, valued at \$115.1 million;

Tobacco: 202.3 million pounds, valued at \$142.3 million;

Fats and oils: 2,436.6 million pounds, valued at \$391 million;

Miscellaneous commodities valued at \$16.3 million;

For a grand total of \$4,004.4 million.

Commodities approved for donation from the beginning of the period to June 30, 1958, are valued at \$461.5 million.

Commodities donated include cheese, corn and corn meal, nonfat dry milk, and wheat and wheat flour.

In addition, a total of 813.5 million pounds of these commodities, valued at \$110.4 million, were donated under title III of Public Law 480.

Commodities exported under barter contracts in the same period included approximately 210 million bushels of wheat, 232 million bushels of corn and feed grains, about 39 million hundredweight of grain sorghum, 35 million pounds of cottonseed oil, about 12 million pounds of wool, and 1½ million bales of cotton; for a total value of about \$922.5 million.

Altogether a total of \$5½ billion worth of agricultural commodities have been contracted for under Public Law 480.

Mr. THYE. Mr. President, beef and pork prices are firm today because we moved the lard and other fats and oils off national markets through the authorization of Public Law 480. I fought long and hard for legislation that would move our surplus commodities out of our national warehouses and storage bins into world-trade channels. I knew positively that until such time as we demonstrated we were finding a use or market for our surpluses we would be compelled to retain firm floors under our commodities and products in order to stabilize the farm economy. Surpluses will always destroy market prices. This has been demonstrated in the automobile business as well as in every other phase of merchandising.

Yes, Public Law 480 has been one of the most important legislative enactments of benefit to the farmer that Congress has acted on. The act was passed in 1954. It was actually 1955 before it became administratively effective. Up to June 30 of this year we had moved \$4,451,500,000 of surplus agricultural commodities.

More than \$750 million in applications from foreign countries for surplus farm commodities are now pending in the Department of Agriculture. Failure to carry through authorization of this act has already caused untold billions of dollars loss to the producers of our Nation.

Had the Congress acted and passed this act at the time the Senate passed it on March 20, more than \$1,100,000,000 worth of surplus agricultural commodities would have been moved off the national markets this past summer which, without a question would have strengthened dairy and feed grain prices.

It is deplorable that the American farmer should have to suffer loss of income due to these surpluses left on the national market—surpluses which would have been moved if the Congress had acted early in the year.

President Eisenhower urged the enactment of the renewal of Public Law 480, and I urged such action also.

The Senate acted. The House failed to act.

Mr. President, on August 20, Secretary Benson issued a statement making specific reference to Public Law 480. I should like to read a short excerpt from the statement. Secretary Benson said:

I am much disturbed at the announcement last night by the Senate and House conferees on Public Law 480 that they were unable to reach agreement after a long session.

He continues:

I have earlier pointed out that due to the expiration of this act, we have been holding in abeyance more than \$600 million in requests from friendly countries to purchase surplus farm products under Public Law 480. It is impossible to estimate the additional requests which would have been received had not the act expired.

This is a loss not only to our farmers but to the entire Nation.

Should the act not be extended by this Congress or should it be approved by Congress in an unacceptable form, we would certainly do the best we can to move our surpluses with the tools we have. But the magnitude of the loss of Public Law 480 is readily apparent when we consider that in the past 4 years we have programed \$4 billion worth of surpluses under title I sales for foreign currencies.

Mr. President, I ask unanimous consent that the entire statement by the Secretary of Agriculture be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SECRETARY OF AGRICULTURE EZRA TAFT BENSON

I am much disturbed at the announcement last night by the Senate and House conferees on Public Law 480 that they were unable to reach agreement after a long session.

This is extremely regrettable in view of the long and costly delay in extending this vital law which expired June 30. It would be most unfortunate if this valuable tool for the disposal of our surplus commodities in foreign markets were to be lost in the current rush to adjournment.

The tragedy of such a failure would be underscored by the fact that there is virtually unanimous agreement in Congress and elsewhere that this act has been most successful in helping to relieve one of our most serious agricultural problems.

We must now face the distinct possibility that in the midst of what appears to be the greatest harvest this Nation has even known we will be further deprived of one of our greatest marketing aids.

I have earlier pointed out that due to the expiration of this act, we have been holding in abeyance more than \$600 million in requests from friendly countries to purchase surplus farm products under Public Law 480. It is impossible to estimate the additional requests which would have been received had not the act expired.

This is a loss not only to our farmers but to the entire Nation.

Should the act not be extended by this Congress or should it be approved by Congress in an unacceptable form, we should certainly do the best we can to move our surpluses with the tools we have. But the magnitude of the loss of Public Law 480 is readily apparent when we consider that in the past 4 years we have programed \$4 billion worth of surpluses under title I sales for foreign currencies.

It is my understanding that the major point of disagreement among the conferees (and possibly the only point at issue) is the barter provision of the House bill.



This provision is unfortunate. It ignores the basic concept of Commodity Credit Corporation operations to make maximum use of the normal channels of trade. It would cause the CCC to substitute barter for many cash sales and the result would be costly to the taxpayer and to CCC.

The Department is not opposed to barter on a sound basis. We negotiated \$61.2 million worth of barter contracts in fiscal 1958. We intend to continue giving favorable consideration to sound barter proposals.

An alternate, simple, and acceptable solution to the present impasse would be a straight extension of 1 or 2 years of the old law.

It is my fervent hope that the conferees will meet and resolve this matter satisfactorily so that the bill may be signed into law and quickly put back into use.

Mr. AIKEN. Mr. President, I would not wish Congress to adjourn without calling attention to the valiant service which the senior Senator from Minnesota has given to the farm people, not only of his State, but also of the greater part of the country. I join with him in rejoicing that Congress has finally completed action looking to the extension of Public Law 480. I join him also in deploring the fact that we in Congress have dillydallied so long, waiting for action on the part of the other House, and that we have sustained enormous losses in connection with many farm commodities.

I do not know whether we have sustained a loss of a billion dollars, but certainly it has been an enormous amount of American farm products which have been lost since last March, from the standpoint of sales alone, when for all intents and purposes, the money which would have permitted the program to continue was exhausted. Of course there was a small amount remaining until July. Even after July two or three million dollars was left, which is being used to carry out commitments which had been made up to that time.

I wish to point out, too, that the senior Senator from Minnesota has not only been concerned with the extension of Public Law 480, but he has been concerned also with all programs which deal with promoting a prosperous agriculture in this country. I believe he introduced the original bill seeking the eradication of the brucellosis disease among dairy herds. I know he has been one of the early advocates of the school milk program and the use of milk for other purposes, including its use by our armed services.

He is working constantly for soil conservation programs and other programs to protect the soil and water resources which will be the heritage of those who will come after us. He has worked to improve seeds and to control diseases and insects with which our farms have been afflicted. I know he has been active in fields to provide more adequate and better farm credit programs. He has been a great friend of the farm cooperatives of this country, and has always advocated measures which will result in broadening markets for our farm commodities.

The people of the country, particularly the people of the north central States, have been very fortunate to have a

champion like the senior Senator from Minnesota, who is always in the front line fighting for their interests in the Senate.

Mr. THYE. I am indeed grateful to the distinguished Senator from Vermont. He is the senior Republican member of the Committee on Agriculture and Forestry, and served as its chairman when the Republicans were in control of the Congress. I am most grateful to him for his remarks, especially because of the high esteem in which the Senator from Vermont is held among agriculturally minded people, particularly those of the Midwest. He has often spoken and has often appeared on our programs out there, and the people of that area have always thought of him as sound and solid in his philosophy as the rocks of New England.

Mr. JOHNSTON of South Carolina subsequently said: Mr. President, as a member of the conference committee which worked out the compromises which resulted in this report on the Agricultural Trade and Development Act, I wish to make a statement regarding the compromises we reached in regard to one point of the bill.

In the conference report we have amended section 303 of the law and we have restated that it is the policy of the Congress for the United States to trade surplus agricultural commodities which are expensive to hold and store and which depreciate in value in exchange for foreign strategic and other materials which will be needed by the United States for national security, either in times of emergency or at such time that normal world market supplies become short.

In my opinion this barter section of the bill is one of the most important parts of the legislation. We are not only helping the foreign countries by bolstering their economies and their food supplies, one of the purposes of the bill, but we are also doing something to help our own people at home. In fact, it is the only section of the bill which really contains assistance for our own people. These critical materials which will be imported under the program will be stockpiled in this country after being processed here in the United States. The processing of these materials will give employment to now idle people and the entire process will give our economy a badly needed help. The storage cost of such a program is small and the value of the commodities on hand will not diminish through the years. In fact, if world shortages should develop they will be of untold value to our Nation, not only in terms of dollars but also in terms of defense.

It should be pointed out that the Secretary of Agriculture and others in the administration brought a halt to the barter program through administrative action. The restating of this program into the law for the next 18 months is now a directive from the Congress that the program be reinstituted and continued.

Only in the event that the importations would be not to the benefit of the

United States can the program be halted; and the burden of proof rests on the Secretary of Agriculture.

As a conferee, I supported the barter program for I believe it is in the best interest of this country. Indeed, it is probably more beneficial to us than other provisions of the law.

Mr. President, it should be pointed out that only commodities which meet the President's critical stockpile list approval can be imported through the program for stockpiling; and these stockpiles cannot be used to damage the domestic market in any way.

Mr. HUMPHREY subsequently said: Mr. President, I was absent from the Chamber at the moment when the conference report on Public Law 480 was approved by this body. I had intended to make some comments on the conference committee's deliberations and its understandings relating to this very important piece of legislation.

I am very much pleased with the extension of Public Law 480. As my colleagues know, I submitted the amendment, which the Senate adopted, to make the Public Law 480 program a 2-year program, instead of a 1-year program. The House voted to make it a 1-year program. In the conference committee, we resolved our differences by agreeing on an 18-month agreement. As was pointed out, our efforts to have a \$3 billion, 2-year program were likewise compromised at \$2,225 million. New uses were provided for the currencies which accumulate as a result of the sale of commodities under the title I provisions of Public Law 480. I am particularly pleased with those new uses, because they make possible a much more effective attack upon some of the great problems which confront mankind throughout the world.

For example, Public Law 480 uses of foreign currency will make possible an effective program against malaria, and also more generous contributions by our Government to the Department of Public Health facilities abroad. Furthermore, our program under Public Law 480 will make it possible for the foreign currencies accumulated to be used for trade fair and for agricultural and horticultural fair participation on the part of our Government. We also have provided for the use of foreign currencies in connection with such matters as the translation of scientific documents and the development of human resources and skills. These are what we call the non-self-liquidating projects, and they are not provided for under section 104 of the act.

Other uses for foreign currencies are outlined; but I highlight these, because I believe they are most important.

Mr. President, I also submitted an amendment which made possible the inclusion of edible vegetable oils under the terms of Public Law 480. That subject is referred to in the report of the managers on the part of the House. In other words, the report includes a new section, section 9, which includes a provision authorizing the Commodity Credit Corporation to purchase products of oilseeds and edible oils, fats and the products



thereof, and to donate such commodities abroad.

I hope that the Department of Agriculture will utilize this authority, not only because such use will have a very constructive and healthy effect upon the American domestic market for these commodities, and not only because it will improve the price structure for edible oils and vegetable oils and fats, but also because one of the great food shortages throughout the world is in the field of oils and fats. Particularly is this true of vegetable oils. We shall have large quantities of vegetable oils, as a result of the expanded cotton acreage and soybean acreage. These vegetable oils are helpful to life itself.

So I hope the provisions which I have referred to will be used effectively and aggressively by the Department of Agriculture.

I believe this program is one of the truly good and sound programs of the Government. Public Law 480 not only is of benefit to agriculture—and in the past I have submitted to the Senate information which has revealed that the effect of Public Law 480 sales is to increase the prices of agricultural commodities in the United States—but, as I have also pointed out, this law has improved the sales, and has made possible additional economic assistance to underdeveloped countries.

I believe it is fair to say that in the absence of this program, much of the economic assistance we extend to the countries of Asia, Africa, and Latin America would be less effective or, in some cases, totally ineffective, but for the saving grace of the surplus foods we make available today.

A classic example is the free nation of India. The food we send to India is of vital importance to the economic development of that country. It is also of vital importance to the life of the Indian people.

Mr. President, I should like to state, for the RECORD, that I hope our Government will complete its present negotiations with India, both in respect to, first, the sale of wheat and cereal grains; and, second, in respect to barter, because India is perfectly willing to barter substantial quantities of manganese ore for wheat. India has manganese; and we have wheat. All we need is the will to consummate the "deal." I hope those arrangements will be completed within the next few weeks. I inquired about this matter of the Department of Agriculture, and also of the Department of State, and was assured, as of yesterday, that the arrangements were in their final stages; that there would be a sale to India of United States surplus foods, under title I—namely, a sale for foreign currencies; and that there would also be a very substantial barter arrangement between the two countries, the exchange being one of manganese for wheat. That is good for India, and it is also good for the United States.

Mr. DOUGLAS. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. Is it not true that the United States lacks adequate supplies of manganese, for use by our steel industry?

Mr. HUMPHREY. That is correct. The Senator from Illinois knows that much of the manganese the United States has obtained in the past has come from the Soviet Union or from Soviet-bloc countries.

Mr. DOUGLAS. Manganese is, of course, absolutely essential to our steel industry; and supplies of manganese which we obtain from India—a neutral country—result in tying closer together the United States and India, a result which certainly is highly desirable.

Mr. HUMPHREY. The Senator from Illinois is absolutely correct; that exchange is a connecting link, which exists as a result of the availability in the United States of large supplies of food.

The conference report on Public Law 480 involved only one difficulty in the course of the deliberations of the conference committee—namely, over the subject of barter.

One of the provisions of Public Law 480—it is section 303—is known as the barter section. The barter section is not new in our agricultural policy; in fact, it is provided for, among other provisions of law, in the charter of the Commodity Credit Corporation. In other words, the Commodity Credit Corporation is authorized—and, in fact, is directed—to engage in barter, when that is to the advantage of the United States and when it helps our economy and fulfills our basic national needs.

The report of the managers on the part of the House sets forth the true story of the action of the conference committee on the barter provisions. I should like to quote 1 or 2 sentences, because I subscribe fully to the interpretation which has been made by the House conferees in relation to the barter sections of Public Law 480 extension. The statement of the managers on the part of the House said, in part:

The committee of conference \* \* \* has reiterated and strengthened the directive of Congress to the Secretary of Agriculture to carry on a meaningful and substantial barter program.

I skip a few lines and quote again:

In effect, the Congress has felt it necessary to tell the Secretary to carry on a program which is already the law.

The second paragraph reads:

The language of the conference report (sec. 6 of the report) amends section 303 of Public Law 480 and reiterates the policy of Congress that it is to the benefit of the United States to exchange surplus agricultural commodities which deteriorate in value and are costly to store for strategic and other materials of a type which will be needed by the United States, either in time of emergency or in its normal economy as world supplies of these materials decrease. There are at least four other provisions of law in which a similar congressional policy is enunciated.

The managers' statement continues:

In reenacting section 303, the committee has broadened the base from which the President may select in designating those materials which are to be imported in ex-

change for surplus agricultural commodities. Most of the ore, metals, minerals, or other materials that might be taken will not deteriorate, can be stored at substantially less cost than agricultural commodities and by their presence within the United States will improve its national resources.

Another quotation which I think is highly significant, and I fully subscribe to this as one of the conferees and as one Senator who has held a considerable number of hearings on the whole subject matter of Public Law 480, and I quote now from the statement of the managers on the part of the House:

When Public Law 480 was enacted, the Congress specifically stated in its legislative reports on that legislation that barter was to be a priority method of disposal. Until May 28, 1957, a successful barter program was in operation within the Department, but was brought to a practical stop through regulations issued by the Secretary establishing the so-called additional requirements, placing upon prospective barter contractors the responsibility of proving that barter transactions would be over and above all possible cash sales.

This particular language, of course, really meant that the Department was putting the stop order upon barter sales.

One of the important changes made in the existing law by the amendment which was adopted in the conference and the agreement which we finally concluded is that it relieves the Secretary of the responsibility of making a finding that barter protections would protect the funds and assets of the Commodity Credit Corporation as a singular or priority requirement.

The Secretary merely has to find that barter is in the best interest of the Government of the United States. In other words, there must be a determination as to whether barter should be engaged in on a much broader basis than that merely the assets of the Commodity Credit Corporation are being properly protected.

The conferees stated very clearly that what we wanted to take place under barter was the kind of action which had taken place prior to May 1957—in other words, an effective, sensible, methodical barter program; not one of excess, but one in which we were moving ahead as a part of the total business of the Department of Agriculture.

Mr. President, the conferees specifically stated, in regard to the present requirement for additionality, that no restrictions should be placed on the countries of the free world to which our surplus agricultural commodities may be sold, except under certain conditions, and that was spelled out in the legislation, under which the Secretary must make specific findings.

In other words, under the language of the bill, the burden of proof has been shifted to the Secretary of Agriculture, and in following that authority he is required to follow substantially the same procedures as set out under title I of Public Law 480—procedures to protect normal markets; to see to it there is no dumping of agricultural commodities which will in any way jeopardize world prices; procedures to see that private channels of trade are used.



Mr. President, I want to underscore that Public Law 480 was not designed to involve merely government-to-government activities, but the use of private trade channels was to be emphasized.

I have said a number of times that the Commodity Credit Corporation is not to be a substitute for private business. It is not to supplant private business. The Commodity Credit Corporation was designed to supplement and assist private business, and it ought to limit its activities only to those areas where private business cannot undertake responsible private transactions.

I said earlier, after having read carefully pages 3, 4, and 5 of the statement on the part of the managers of the House, that I concur wholeheartedly in the statement of those managers.

I am hopeful there will be no misinterpretation. I have been assured, as have other Members of this body who were on the conference committee, that the Department of Agriculture is going to proceed with the program of barter. It is also going to proceed with the program of sales under title I. I hope it will proceed with a generous program of donations to the many charitable organizations, both religious and nonsectarian. That is a very important program, in terms of the needs of the people throughout the world, and in terms of our total foreign policy.

I am also hopeful that the market development procedures which are outlined and authorized in Public Law 480 legislation will be used. I am hopeful those market development provisions will be used, not only to develop markets for products which we now have, but for those which may come on the scene. For example, there is a program called Meals For Millions From America. It provides cheap nutrition and fine nutrition from food for people in many areas, emphasizing the use of the soybean. I hope markets will be made available for that kind of program.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. There is another program in regard to providing such nutrition, and that is the economical manufacture of fish flour, which work is being carried on by a distinguished resident of my State, who has a plant not only in Monticello, Ill., but also in New Bedford, Mass. The production of fish flour revolutionizes and improves the diet of people in the rice-eating countries, where there is not sufficient animal food for them.

Mr. HUMPHREY. I remember the Senator told us about it in the Senate some time ago. There is no doubt this is the kind of program which could be engaged in and which would be of great help to food deficit areas. Another such program is one which is called the Parboiled Wheat Program, which is a program for turning cereal grain into a product which is usable in areas of the world which are traditionally rice eating. All this is possible in terms of legislation now on our law books.

Mr. DOUGLAS. Does the Senator believe the bill is a strong direction to the

Secretary of Agriculture to restore the excellent program which he killed by his administrative orders and regulations?

Mr. HUMPHREY. On barter?

Mr. DOUGLAS. On barter.

Mr. HUMPHREY. I surely do. The bill says to the Secretary that we want him to proceed, that barter is a type of program authorized by the Congress. Barter is not only authorized, but it is a program formalized in terms of action by the Congress. We want the Secretary to proceed on a constructive basis. No one is asking that the program for barter be other than constructive. We want it to be a part of the total program, and a very significant part of the total program.

Mr. DOUGLAS. Does the Senator think there is any prospect that the Secretary will carry out the law better than he carried out the past law?

Mr. HUMPHREY. One of the reasons we extended the law for 18 months was to review it again at that time. We wanted the entire matter to come before us again for action.

Mr. DOUGLAS. Has the Secretary not been sabotaging past acts?

Mr. HUMPHREY. I will say, so far as the program other than barter is concerned, it has operated very well.

Mr. DOUGLAS. I am referring to the barter part of the program.

Mr. HUMPHREY. The barter part has been given most unfair treatment after May 1957.

Mr. DOUGLAS. Does the Senator think the action we have taken will do away with the requirement that barter must be in addition to all other foreign trade programs?

Mr. HUMPHREY. Barter must be undertaken when it is in the interest of the United States. I am sure in the past barter has actually supplemented cash sales. The record is that as cash sales went up barter sales went up and as barter sales went up cash sales went up. As barter sales came down cash sales came down. This is not an "either/or" proposition; it is a matter of blending together. In some places the barter program is good. In some places the barter program does not work well. When there is a barter program which can work in some areas it ought to be used. When the products can be sold for cash of course we ought to sell for cash. When the products can be sold for soft currencies, we ought to sell them for soft currencies.

The main thing we must keep in mind is that we should do business. I will say, as I said earlier, we have not lost a nickel on barter. In fact, the Commodity Credit Corporation has made millions of dollars.

Mr. DOUGLAS. I can remember the days when the Senator from Minnesota was urging the barter program and the sales of farm products for soft currencies abroad, when the Department of Agriculture and the Department of State were opposing him at every step.

I believe the Senator deserves great credit for the persistence with which he has worked on the program and the degree of success which he has obtained. Certainly it is in the interests of the

farmers of the United States to have a market for their products and to reduce the domestic surpluses which would otherwise overhang our markets. This is a fine contribution to good international relations, a process by which hungry people can be fed and by which trade can be put on a basis of self-respect.

Mr. HUMPHREY. I thank the Senator for his generous comments. I happen to believe, as the Senator from Illinois does, in the soundness of this program of using food as an effective instrument for foreign economic policy and as an expression of the concern and compassion of the American people for the less fortunate people around the world.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Miller, one of his secretaries.

#### EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. CHURCH in the chair) laid before the Senate a message from the President of the United States submitting several nominations which were referred to the Committee on Armed Services.

(For nominations this day received, see end of Senate proceedings.)

#### ORDER FOR CALL OF THE CALENDAR ON TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that on tomorrow it be in order to have a call of the calendar, from the beginning.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### BIPARTISANSHIP IN FOREIGN POLICY

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an editorial entitled "What Is Bipartisanship?" from the Minneapolis Morning Tribune of August 18, 1958.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

##### WHAT IS BIPARTISANSHIP?

Senator CAPEHART, of Indiana, complained in the Senate the other day about the foreign policy speeches of Senators FULBRIGHT, of Arkansas, and HUMPHREY, of Minnesota, on the grounds that at this time "it is dangerous to criticize our Nation and the steps our leadership takes."

He was concerned, CAPEHART said, because the Russians repeat to their people and to the world through their government-controlled press, radio and television every criticism our Senators and our Government officials make of our country.

Well, CAPEHART makes a novel approach, at least. What he really says is that we must put the best possible face on our relations with foreign countries—even if they are going badly—so that we don't give the Communists more ammunition for their propaganda machines. Carried to its ulti-



under the rules and regulations. This industry needs our help, these men who risk their lives on these fishing boats in our coastal waters are sincere, conscientious, industrious, and hard-working people.

They merely ask for a loan to tide them over the rough and slow periods of business. The money will be repaid, no doubt, with interest, and your Government will lose nothing. In my opinion the establishment of the Fisheries Loan Fund was one of the finest pieces of legislation passed by the Congress, because it reaches out a helping hand to fishermen in this industry that have been hurt severely due for the most part to our reciprocal trade program. I, too, wish to join with my colleagues that are supporting this measure with the hope that this bill will have the unanimous support of the House today.

#### ATOMIC ICEBREAKER: PRESIDENTIAL VETO OF H. R. 9196

(Mr. BONNER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BONNER. Mr. Speaker, on August 12, 1958, the President vetoed H. R. 9196, to authorize the construction of a nuclear-powered icebreaking vessel for operation by the United States Coast Guard, and for other purposes.

Immediately after the objections of the President were spread at large upon the Journal, a motion was made and agreed to that the bill and the message be referred to the Committee on Merchant Marine and Fisheries and ordered to be printed.

This legislation was the subject of the fullest and most careful consideration by the committee during extensive hearings held earlier this year.

The Defense Department initially submitted a written report recommending against enactment. Upon analysis, the testimony of the Department of Defense witnesses refuted the original negative report, particularly when the committee agreed that it was not intended that this project interfere with or impede naval projects having higher priority. Moreover, while the Commandant of the Coast Guard testified that existing specific missions of the Coast Guard do not show a current need for additional icebreakers, he believed that the testimony before the committee disclosed an overall present national need for an atomic icebreaker.

In my opinion, the hearings conclusively established the desirability of this authorizing legislation and that the need for such a vessel transcends the individual requirements of the Navy and the Coast Guard and their specific missions as presently prescribed. The existence of such a ship, specially designed and fitted out as a laboratory, would enable this country to overcome its present great disadvantage in regard to the strategic and commercial potentialities of the Arctic and Antarctic. Failure to recognize the importance of matching Russian capabilities in the scientific fields in the polar seas is myopic to say the least.

Moreover, the hearings also strongly indicated that the use of atomic icebreakers in support of governmental polar projects, particularly in the Antarctic, would result in net savings—not additional costs—because of their greater efficiency and flexibility under the special conditions in those areas. Even if it were true that such a vessel were not needed at this time, no one who has any knowledge of the subject can deny that such a project must be undertaken and need will exist, if not now, then certainly in the very near future. This is a project that will take a minimum of 3 years from the time the initial appropriation is approved. Delay now will mean greater eventual cost in money, and no one knows how much more in precious time.

The veto message states that "placing the construction of an icebreaker arbitrarily ahead of high priority projects in the Coast Guard program would be most unwise." There is nothing in the bill, nor was there any intent expressed in the hearings or in the report, that this matter be placed ahead of any projects in the Coast Guard or elsewhere, having higher priority. Unfortunately, there are no high priority projects in the Coast Guard program. But in my opinion, based upon years of intimate knowledge of Coast Guard affairs, its problems and its needs, this project is the highest priority of many important projects which should be in the Coast Guard's program. This important agency has been suffering continuing neglect in recent years and is failing to keep abreast of current developments due in large part to inadequate or obsolescent equipment handed down from the other services.

The construction of other types of nuclear powered vessels, particularly submarines, certainly generates a requirement for a nuclear powered icebreaker. The operation of submarines under the Arctic ice, as exemplified by the recent magnificent feats of the *Nautilus* and the *Skate*, has proven successful to a degree that future use of this avenue of traffic will require fully capable surface support in war or peace. None of our aging existing fleet of icebreakers has the required degree of capability.

I think it is well at this point to call to mind the cost in money and lives resulting in World War II from our failure to heed the warning and advice of those who with foresight and knowledge urged such projects as the fortification of Guam and the charting of the Aleutians. Their opponents felt that the areas were too remote and the projects too expensive.

For these and other reasons fully set out in our report to the House, I am deeply disappointed that this authorization measure should have been vetoed with apparent disregard of the hearings and the committee report. While I might not quarrel with an Executive decision to withhold a request for funds because of fiscal stress, I strongly take exception to the action taken in this veto and the accompanying message as applied to this carefully considered au-

thorization measure, which was overwhelmingly approved by both Houses.

In the stress and pressure of these closing days of Congress, the committee chose not to attempt to override the President's veto even though I believe that the great majority of the committee was as disappointed as I.

There follow the principal findings and conclusions upon which the committee urged the enactment of this legislation.

First. Since World War II the United States has increasing interests and commitments in both the Arctic and Antarctic regions of a military, commercial, and scientific nature. For example, the vast distant early warning system was built and supplied in large part through the employment of surface vessels with icebreaker escort. The new multimillion dollar ballistic missiles early warning system must be built and supplied in the same way. Large mineral deposits have been discovered and are being exploited in Labrador and other areas. Oceanographic and environmental studies of the frozen seas are being conducted in the Antarctic as well as the Arctic.

Second. Existing law requires the Coast Guard to develop, establish, maintain, and operate, with due regard to the requirements of national defense, aids to maritime navigation, icebreaking facilities, and rescue facilities for the promotion of safety on and over the high seas and waters subject to the jurisdiction of the United States. Modern icebreakers are needed to carry out the Coast Guard's responsibilities in the Great Lakes and many port areas of the country, and to maintain itself in a state of readiness to function as a specialized service in the Navy in time of war.

Third. The Department of Defense advised that since 1954 there have been insufficient United States icebreakers to carry out all tasks desired. No reduction in the need for icebreakers is foreseen. There is no substitute for the performance of the functions of an icebreaker.

Fourth. Of the 9 specially designed icebreaking vessels in the United States operated by the Navy and the Coast Guard, only 1 is of postwar design, built with bipolar characteristics, that is, with capability of operating in both the Antarctic and Arctic areas. The other 8 were designed prior to World War II, and their average age is about 14 years. They are, thus, not only inadequate in number, but obsolescent in design and condition.

Fifth. Despite our need for additional icebreakers and the obsolescence of our existing vessels, it will take at least 3 years, and probably more, from the time appropriations are made available to the time a new prototype can be constructed and delivered.

Sixth. The limited endurance of conventionally powered icebreakers greatly reduces their efficiency and effectiveness for prolonged operations in the polar areas. This defect can be overcome with a modern icebreaker powered by atomic energy.

Seventh. The design of an atomic-powered icebreaker will give it not only



practically unlimited cruising range and endurance, but enable it to be used to carry cargo, such as fuel, to supply, without the aid of other vessels, land or ice bases otherwise difficult to reach.

Eighth. Such a ship, fitted out as a laboratory, could serve as a base of operations for extended scientific studies, especially of an oceanographic and environmental nature. Testimony and recent reports disclose that the United States is far behind in scientific research and development in the Arctic and Antarctic.

Ninth. The advanced state of Arctic research and scientific knowledge by the Russians and the fact that they have an atomic icebreaker nearly ready to go into operation in the Arctic cannot be minimized. As one expert testified:

We now realize in our thinking that the U. S. S. R. does not lie either to the east or to the west of North America. It lies to the north of North America.

Tenth. In view of the trend toward the application of atomic power to merchant ships and the responsibilities of the Coast Guard relative to design and construction standards of merchant ships, it is important that the Coast Guard gain practical working knowledge of atomic propulsion as quickly and as thoroughly as possible.

Eleventh. Recent developments indicate expanded commercial shipping operations in the Arctic in the near future, with consequent need for effective and adequate icebreaker support. An atomic-powered icebreaker would be capable of greatly lengthening the navigation season and assuring greater efficiency and safety of such commercial operations.

Twelfth. Depending upon the exact characteristics to be built into the proposed vessel, it is estimated that a fully modern, atomic-powered, icebreaker with multipurpose capability and having bipolar characteristics would cost between \$40 and \$60 million. The great advantages of the application of atomic energy to an icebreaker offsets the cost differential over a conventionally powered vessel more than in any other type of noncombatant vessel in the present state of development of this source of power. In fact, when all factors are taken into account the support of operations such as those required in the Antarctic by an atomic icebreaker would result in net savings against support by conventionally powered vessels.

Thirteenth. The Atomic Energy Commission recommended favorable consideration of the bill because of (a) the greater endurance and efficiency of an atomic-powered icebreaker, (b) the material contribution such a project would make to the advancement of reactor technology and (c) the fact that the utilization of a nuclear-power plant would afford an excellent opportunity to demonstrate a peaceful use of atomic energy in a practical application.

Fourteenth. According to the Atomic Energy Commission, neither the provisions of the bill as reported, nor the carrying out of the project, will impair or interfere with other high priority atomic programs.

Fifteenth. In view of the multipurpose uses which can be made of the proposed vessel for noncombatant operation and the historic mission of the Coast Guard in peace and war, that agency is the appropriate one to operate the vessel.

Sixteenth. The Navy and the Coast Guard work together very closely, and the vessel would be readily available to the Navy for high priority tasks requiring its use.

Seventeenth. The testimony fully supported the need for the earliest possible construction of the icebreaker which would be authorized by this bill.

#### AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. COOLEY submitted the following conference report and statement on the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954:

##### CONFERENCE REPORT (H. REPT. No. 2694)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, with a recommendation that it do pass, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That section 101 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83rd Cong.), is amended by striking out the semicolon at the end of paragraph (a) thereof and adding 'or normal patterns of commercial trade with friendly countries';"

"Sec. 2. Section 103 (b) of such Act is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1958, and ending December 31, 1959, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,250,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

"Sec. 3. (a) Section 104 of such Act is amended by inserting before the period at the end of the first sentence of paragraph (h) thereof the following: 'and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446)'. "

"(b) Section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended by substituting a semicolon for the period at the end of paragraph (k) and adding the following new paragraphs:

"(1) For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and

furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;

"(m) For financing in such amounts as may be specified from time to time in appropriation acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U. S. C. 1992), and (B) agricultural and horticultural fair participation and related activities;

"(n) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

"(o) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies."

"Sec. 4. Section 109 of such Act is amended by striking out 'June 30, 1958' and inserting in lieu thereof 'December 31, 1959.'

"Sec. 5. Section 204 of such Act is amended by striking out 'June 30, 1958' and inserting in lieu thereof 'December 31, 1959.'

"Sec. 6. Section 303 of the Agricultural Trade Development and Assistance Act of 1954 is amended to read as follows:

"Sec. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may



be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barter or exchanges under this act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.'

"Sec. 7. Section 206 (a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a semicolon and the following: 'but no strategic or critical material shall be acquired by the Commodity Credit Corporation as a result of such barter or exchange except for such national stockpile, for such supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs'.

"Sec. 8. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act in the same manner as upland cotton or any other surplus agricultural commodity is made available, and products manufactured from upland or long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act as long as cotton is in surplus supply, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the Act: *Provided*, That that portion of the sales price of such products which is financed as a sale for foreign currency under title I of the Act shall be limited to the estimated portion of the sales price of such products attributable to the raw cotton content of such products.

"Sec. 9. Notwithstanding any other provision of law (1) those areas under the jurisdiction or administration of the United States are authorized to receive from the Department of Agriculture for distribution on the same basis as domestic distribution in any State, Territory, or possession of the United States, without exchange of funds, such surplus commodities as may be available pursuant to clause (2) of Section 32 of the Act of August 24, 1935, as amended (7 U. S. C. 612c), and Section 416 of the Agricultural Act of 1949, as amended (7 U. S. C. 1431); and (2) the Commodity Credit Corporation is authorized to purchase products of oil seeds, and edible oils and fats and the products thereof in such form as may be needed for donation abroad as provided in the following sentence. Any such commodities or products if purchased shall be donated to nonprofit voluntary agencies registered with the Department of State, other appropriate agencies of the Federal Government or international organizations for use in the assistance of needy persons outside the United States. Commodity Credit Corporation may incur such additional costs with respect to such oil as it is authorized to incur with respect to food com-

modities disposed of under Section 416 of the Agricultural Act of 1949."

And the House agree to the same.

HAROLD D. COOLEY,  
W. R. POAGE,  
VICTOR L. ANFUSO,  
WILLIAM S. HILL,  
CHARLES B. HOEVEN.

*Managers on the Part of the House.*

ALLEN J. ELLENDER,  
OLIN D. JOHNSTON,  
JAMES O. EASTLAND,  
HUBERT H. HUMPHREY,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,  
EDWARD J. THYE.

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference of the two Houses on the amendment of the House to the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The House amendment struck out all after the enacting clause of the Senate bill and substituted language which was basically title I of H. R. 12954 as reported by the committee. The House amendment was much more comprehensive than the Senate bill and contained numerous provisions, including several authorizing additional uses of foreign currencies and a provision with respect to augmented barter, which were not included in the Senate bill.

In general, the substitute amendment agreed on by the conferees follows the provisions of the House amendment. Except for minor and clarifying amendments, the differences between the House amendment and the substitute agreed upon by the conferees are as follows:

#### PERIOD OF EXTENSION

The Senate bill extended titles I and II of the act for 2 years. The House bill extended these titles for 1 year. The conference amendment reported herewith extends titles I and II of the act for 1½ years, until December 31, 1959. Both House and Senate bills provided for operations under title I at the rate of not more than \$1.5 billion per year, and this rate of operation is retained in the conference report.

#### STRATEGIC AND CRITICAL MATERIALS

Section 5 of the Senate bill (sec. 7 of the conference report) was not in the House bill. It prohibits the acquisition of strategic or critical material by barter or exchange except for the national stockpile, the supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs.

#### LONG-STAPLE COTTON AND COTTON PRODUCTS

Section 6 of the Senate bill (sec. 8 of the conference report) was not in the House amendment. As agreed to by the conferees, it provides that extra-long-staple cotton shall be made available for sale under title I of the act in the same manner as upland cotton or any other surplus agricultural commodity and that products manufactured from upland or long-staple cotton shall be made available for sale under title I but that only that portion of the sales price of such products which is attributable to the raw cotton content of the product shall be eligible for financing under title I as a sale for foreign currency.

#### ADDITIONAL USES OF FOREIGN CURRENCY

Sections 3, 4, 5, and 8 of the House amendment, providing additional uses of foreign

currencies accruing from sales under title I, have been retained without substantive change as section 3 of the conference substitute. The provision authorizing use of foreign currencies for trade fair participation has been slightly amended to make clear that the authorization covers also agricultural and horticultural fair participation and related activities. These provisions retain the language requiring appropriation of foreign currencies for these additional uses, which appeared in the House amendment.

#### RELIEF PROGRAMS

Section 6 of the House amendment, authorizing the President to extend relief and related programs to any area under the jurisdiction or administration of the United States, such as the Pacific Trust Islands or the Ryukyus, has been amended by the adoption of alternative language suggested by the Department of Agriculture. It is the understanding of the committee that title I now applies to these areas. The substance of the provision remains the same. This section, appearing as section 9 in the conference report, also includes a provision authorizing the Commodity Credit Corporation to purchase products of oilseeds and edible oils and fats and the products thereof and to donate such commodities abroad.

#### MALARIA ERADICATION, PUBLIC HEALTH, AND RELATED USES

Section 7 of the House amendment has been eliminated from the conference report for technical reasons and because the committee on conference understands that the authority for use of foreign currencies which was spelled out in that amendment already exists. The committee of conference was in complete agreement, however, on the objectives of this section and emphasizes its view that more liberal use should be made of the authority now existing in section 104 of the act for financing nonself-liquidating projects for the development of human resources and skills. Experience has demonstrated that many such constructive projects, for example, in education, malaria eradication, and public health, are not suitable for financing on a loan basis. We are convinced that there are frequently cases of this sort where use of foreign currency sales proceeds on a grant basis can serve a higher priority development need than would be possible through their use on a loan basis. The conference committee deemed the application of section 1415 of the Supplemental Appropriation Act, 1953, to grants in such instances to be inappropriate and urges the President to make more liberal use of his authorities under this act than has been the case in the past.

#### BARTER

The committee of conference, in including in the conference report a provision with respect to barter, has reiterated and strengthened the directive of Congress to the Secretary of Agriculture to carry on a meaningful and substantial barter program. There was no provision with respect to barter in the Senate bill. The Department of Agriculture vigorously opposed the inclusion of any provision relating to barter either in the House amendment or in the conference report. The fact that such a provision is included in the conference report, therefore, is a clear indication of the dissatisfaction of the House and of the conference committee with the manner in which the Secretary has executed his responsibilities to conduct a barter program during the past 15 months. In effect, the Congress has felt it necessary to tell the Secretary to carry on a program which is already the law.

The language of the conference report (sec. 6 of the report) amends section 303 of



Public Law 480 and reiterates the policy of Congress that it is to the benefit of the United States to exchange surplus agricultural commodities which deteriorate in value and are costly to store for strategic and other materials of a type which will be needed by the United States, either in time of emergency or in its normal economy as world supplies of these materials decrease. There are at least four other provisions of law in which a similar congressional policy is enunciated.

In reenacting section 303, the committee has broadened the base from which the President may select in designating those materials which are to be imported in exchange for surplus agricultural commodities. Most of the ore, metals, minerals, or other materials that might be taken will not deteriorate, can be stored at substantially less cost than agricultural commodities and by their presence within the United States will improve its national resources.

When Public Law 480 was enacted, the Congress specifically stated in its legislative reports on that legislation that barter was to be a priority method of disposal. Until May 28, 1957, a successful barter program was in operation within the Department, but was brought to a practical stop through regulations issued by the Secretary establishing the so-called "additionality requirements," placing upon prospective barter contractors the responsibility of proving that barter transactions would be over and above all possible cash sales.

The effect of this action was to give sales for foreign currency under title I of the act priority over disposal of surpluses by barter. During the fiscal year just passed, the Secretary has made agreements to sell surpluses for foreign currencies to at least 12 countries into which he refuses to let surplus commodities move under barter transactions without proof of "additionality," although he is required by section 101 (a) of this act to determine that sales under title I will be in addition to usual marketings of the United States before approving any such sale.

The details of the barter provisions included in this conference report are relatively unimportant. Congress is not so much concerned with the administrative details of the Secretary's operations as that he should carry on an aggressive and effective barter program. Had he been doing so, there would have been no need for any barter legislation in this bill.

One of the important changes made in existing law by the amendment reported herewith is that it relieves the Secretary of the responsibility of making a finding that barter transactions would protect the funds and assets of the Commodity Credit Corporation. Instead, the Congress has made the policy decision that barter is in the best interests of the country as a whole and intends and directs that the barter program be carried out substantially as it was prior to May 1957.

Prior to that time the Secretary had properly interpreted the language of the existing statute that barter as directed by Congress does protect the funds and assets of the Commodity Credit Corporation. Under that interpretation, approximately \$350 million of surplus commodities were exchanged annually for strategic and other valuable materials. Having determined to bring that highly successful program to a halt, the Secretary suddenly decided that the language in the statute directed him to make a determination as to whether or not barter did protect the funds and assets of the Corporation. It was on the basis of this legalistic maneuver that the Secretary brought the program to a halt in May 1957.

The language of the amendment reported herewith eliminates the provision which has given the Secretary this trouble and replaces

it with a directive that he shall conduct barter operations "to the maximum extent practicable" and "whenever he determines that such action is in the best interest of the United States." We would remind the Secretary that Congress has on several occasions and in several different statutes indicated that the exchange of surplus agricultural commodities for strategic and other materials of permanent value is in the best interests of the United States and indicates by its reenactment and amendment of section 303 of Public Law 480 that it does not consider a program such as he has been carrying out since May 1957 to be a satisfactory expression of that policy.

The deletion of the language pertaining to the protection of assets was specifically designed to remove the legal base which permitted the Secretary to require so-called certificates of additionality to be furnished by contractors to establish that any sale through barter would be in addition to normal cash sales. Nor is anything in this bill to be construed to permit the requiring of such certificates of additionality.

The conferees were well aware of the testimony given before the committees of both Houses of Congress by the Department of Agriculture designed to show that their assets were not being protected because of the alleged replacement of cash sales by barter sales. At no time was competent evidence given to support these statements. Representative grain and cotton exporters testified that barter transactions do not displace dollar transactions, in fact, in normal trade practice they were handled in precisely the same way, and that barter transactions had many times made possible the sale of additional commodities for cash.

The conferees were also aware of the fact that the data furnished the Congress by the Department of Agriculture showed that as barter transactions increased so did cash sales, and that as barter transactions decreased, there was a resulting decrease in cash sales.

The House amendment contained a limitation of \$500 million on the amount of barter the Secretary could engage in in any 1 year. This has been removed from the bill agreed to by the conferees. This is a clear indication on the part of the conference committee that it did not want any such dollar limitation on the authority of the Secretary to exchange essentially valueless surpluses for materials of lasting value.

The conferees also took notice of the fact that under existing law some of the Federal agencies had not cooperated to the fullest extent with the Commodity Credit Corporation in arranging barter. It therefore restated the requirement in the law that other governmental agencies cooperate with the Secretary in arranging, through private channels, barter or exchanges. However, this language does not mean that the Secretary may restrict the barter program in order to protect or conform with other programs of other Government agencies.

The conferees specifically stated in regard to the present requirements for additionality that no restrictions should be placed on the countries of the free world into which surplus agricultural commodities may be sold excepting under certain conditions, spelled out in the legislation, where the Secretary must make specific findings.

In the past the burden of proof as to additionality has been on the contractors in relation to each contract proposed by them. Under the language of the bill, that burden of proof has been shifted to the Secretary and, in exercising that authority, he is required to follow substantially the same procedures as are followed in title I of Public Law 480. However, it should be noted that the safeguarding of usual marketings is limited to the safeguarding of usual marketings of the United States. It is not intended

that the usual marketings of other nations shall be a basis of consideration in the approval of a barter transaction.

Furthermore, in the exceptions granted to the Secretary, he is required to assure that a particular barter transaction will not unduly disturb world prices of agricultural commodities. The conferees were aware that prior to May 28, 1957, barter contractors were offering nominal discounts in order to dispose of the commodities abroad. These discounts normally were around 1 to 2 percent. Following the May 28 directive, the requirements of the additionality program were so stringent and the movement of commodities so difficult that discounts of from 8 to 10 percent were reported. This bill contemplates that a discount of a few percent will not unduly disturb the world prices and not be the basis for establishing restrictions. If a discount is reported above this reasonable rate, the Secretary should take appropriate precautions and action to guard against the disturbing effect of such a large discount.

The Secretary was also directed to assure that a barter sale does not replace a cash sale for American dollars. The burden of proof is on the Secretary to establish that the barter deal does in fact replace a cash sale for American dollars. If such a finding is made, it is the intention of the conferees that the particular barter transaction should be rejected.

The conferees are also aware of the problem having to do with the exporting of wheat from Canada and other friendly nations. Accordingly, it has directed the Secretary to endeavor to cooperate with these countries with respect to commodities governed by formal, multilateral international marketing agreements to which the United States is a party. As a practical thing, the international wheat agreements are the only ones affected by this language and even though it might temporarily reduce by some 40 percent the ability of the United States to dispose of wheat through barter, it was the sense of the conferees that mutually agreeable plans should be worked out with Canada and other signatories of appropriate agreements.

Furthermore, the conferees have recognized the economic and security factors in accepting domestically processed materials in lieu of ore. While the present law is silent on the subject, for a long time barter contracts were made for domestically processed materials. For some reason this program was stopped. It was the sense of the conferees that American labor and management should be permitted to participate in the barter program. Accordingly the bill specifically authorizes the Secretary to permit the processing of foreign ores by domestic processors. The House provision that alloys produced from domestic ores could be taken was eliminated from the bill.

As we have stated above, the substantive changes in the law, while significant, are not nearly as significant as the fundamental fact that the Congress has felt it necessary to enact legislation to require performance of a program which it has previously established by law. This bill is designed to reinstate a barter program of at least the magnitude followed prior to the restrictive regulations issued by the Secretary of Agriculture. Not only will the assets and resources of our country be improved through this program, but there will be substantial savings in storage and depreciation costs, and the value of the materials taken in exchange for the commodities will increase as world supplies diminish.

HAROLD D. COOLEY,  
W. R. POAGE,  
VICTOR L. ANFUSO,  
WILLIAM S. HILL,  
CHARLES B. HOEVEN,

*Managers on the Part of the House.*



Mr. COOLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

Mr. COOLEY. Mr. Speaker, in considering the conference report on S. 3420 dealing with the operations of Public Law 480, I feel it necessary to call the attention of the House to certain problems which this bill was designed to correct. In most conferences in which I have participated over my years in the Congress, Members have genuinely tried to reach reasonable agreements on the matters in conference. In this case, however, the spirit of compromise was lacking and the House conferees found themselves dealing indirectly with representatives of the Secretary of Agriculture, who arrogantly and continuously opposed any language which would require the Secretary to carry out the many laws enacted concerning the so-called barter of surplus agricultural commodities. Threats of a veto, innuendo, and many unusual tactics were used throughout the conference.

I firmly believe but for the fact that the bill contained certain items involving title I which were desired by the Secretary, no agreement would ever have been reached. Finally, however, the House position that new and stronger law was required prevailed and the modified version I have submitted to you was the result. It requires the Secretary to reinstate a barter program similar to the one in operation prior to the decision of the Secretary to change the law by his administrative action. It eliminates the principle of additionality which was the device used to practically kill the program and, excepting for certain leeway involving Canada, it stops the practice of protecting the exports of other countries at the expense of our own exports.

However, in view of the past record of the Secretary in ignoring the law on this subject and because I suspect he will endeavor to find loopholes in this law, I am taking certain steps designed to assure that the law will be followed. I have directed the committee staff to establish a system which will enable us to be kept advised of progress under the laws dealing with barter. I have also directed our Subcommittee on Foreign Agricultural Operations to conduct hearings and studies under our responsibility for legislative oversight. Mr.

Poage, the subcommittee chairman, has already started such hearings.

This program of exchanging costly to store and deteriorating agricultural commodities for needed strategic or other materials that are cheaper to store and do not deteriorate is an excellent one for our country. It is also the law. The personal desires of a few in the executive branch of our Government will not be permitted to retard or destroy it.

There is one other matter, Mr. Speaker, which I think may not have been covered adequately in the conference report. The conferees approved the House provision authorizing use of foreign currencies generated under title I for financing United States participation in trade fairs and related activities, but amended it to make it clear that the definition of fairs is to include agricultural and horticultural fairs and related activities. This authority is different from and in addition to any authority which the law now contains for participation in trade fairs and similar activities as a part of agricultural market development activities of the Department of Agriculture under section 104 (a) of the act, and the restrictions as to use of funds applicable to the new provision included in the conference report are not applicable to operations under section 104 (a).

#### DISASTER AREA RELIEF

Mr. COOLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 304) to provide for a specific contribution by State governments to the cost of feed or seed furnished to farmers, ranchers, or stockmen in disaster areas, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. HOEVEN. Mr. Speaker, reserving the right to object, will the gentleman from North Carolina please explain the bill and the amendment?

Mr. COOLEY. Well, I will give a very brief explanation of the bill. The bill provides for State participation in relief, for such temporary relief as may be provided in the event of disasters in the country. The Senate bill provided that the States' participation would be to the extent of not less than 25 percent or more than 50 percent, and the House amendment provides that the participation shall be not in excess of 10 per centum, as the Secretary of Agriculture shall determine to be equitable of that part of the cost, including transportation of such feed or seed which is not paid by the recipients thereof.

Mr. HOEVEN. It is my understanding that this bill is now acceptable to the Committee on Agriculture of the House and it will be acceptable to the other body.

Mr. COOLEY. I will say to the House that we have informally conferred with the members of the Senate Agriculture Committee, and we have every reason to believe that if this bill passes today

it will be acceptable to the Senate and will be enacted.

Mr. HOEVEN. May I say further that this is a bill that is desired by the administration and there is no objection on our side.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc., That, notwithstanding any other provision of law, no feed for livestock or seed for planting shall be furnished to farmers, ranchers, or stockmen pursuant to Public Law 875, 81st Congress (42 U. S. C. 1955 and the following); Public Law 115, 83d Congress, 1st session; Public Law 357, 83d Congress, 2d session; Public Law 480, 83d Congress, 2d session; or pursuant to any other law as a disaster relief measure, unless, in addition to such administrative costs as may be assumed by the State, the State in which such feed or seed is furnished agrees to contribute such percentage, not less than 25 nor more than 50, as the Secretary of Agriculture shall determine to be equitable of that part of the cost, including transportation, of such feed or seed which is not paid for by the recipients thereof.*

With the following committee amendments:

Page 1, line 3, after the comma, insert "after June 30, 1959."

Page 2, line 4, strike out "not less than 25 nor more than 50," and insert "not in excess of 10 per centum."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### PEREMPTORY CHALLENGES

Mr. CELLER. Mr. Speaker, I call up the conference report on the bill (H. R. 3368) to amend section 1870 of title 28, United States Code, to authorize the District Courts to allow additional preemptions challenges in civil cases to multiple plaintiffs as well as multiple defendants, and I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of August 20, 1958.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

(Mr. EVINS (at the request of Mr. CELLER) was given permission to extend his remarks at this point in the RECORD.)

Mr. EVINS. Mr. Speaker, as I understand this amendment it simply precludes a judicial review of the good faith of the Government estimate of just compensation for the land summarily acquired under the Declaration of Taking Act. It is believed elementary that



the Government in all of its dealing should act with the most scrupulous good faith and that the good faith requirement is of special importance whenever the Government exercises its sovereign power of eminent domain.

It is recognized that each such case must of necessity be judged on its own merits, and that no single standard can be equitably applied to all cases. For example, in cases where the Government through its sovereign power of eminent domain seizes property designed and constructed by agreement for Government use, normal appraisals based on the price a prudent buyer would pay cannot be used. The costs to the Government of similar property openly and competitively procured at the time of taking, as well as the value to the Government of the property condemned, is manifestly the fairest measure of just compensation, both to the Government and the owner.

Whereas, this measure is equitable in such cases, normal appraisals may be more equitable in other types of cases. It should never be the function of the Department of Justice or any other branch of Government to exercise the great power of eminent domain to obtain property at confiscatory prices. Rather, a bona fide effort should be made by all branches of Government concerned to fairly ascertain just compensation and protect equally the rights of the taxpayer and property owner, as well as the Government. The nature of the determinations of estimates filed under this statute renders the judicial review thereof vital for the protection of the constitutional rights of the citizens of the United States.

### TEXTILE FIBER PRODUCTS IDENTIFICATION ACT

Mr. HARRIS submitted the following conference report and statement on the bill (H. R. 469) to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products, and for other purposes:

#### CONFERENCE REPORT (H. REPT. No. 2695)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 469) to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 3, 6, 8, 9, 12, and 15.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 5, 7, 13, 17, 19, 20, 21, 22, and 23, and agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with amendments as follows: On page 2, line 14, of the Senate engrossed amendments, strike out "(f)" and insert "(g)."

On page 2, line 17, of the Senate engrossed amendments, after the word "product" where it appears the second time insert a comma.

On page 2, line 19, of the Senate engrossed amendments, strike out the comma after "animal"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: On page 3, line 4, of the Senate engrossed amendments, strike out "(g)" and insert "(h)"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: On page 3, line 15, of the Senate engrossed amendments, strike out "4 (g);" and insert "4 (h)"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following "furniture, mattresses, and box springs"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: On page 3, line 21, of the Senate engrossed amendments, after "under" insert a comma; and the Senate agree to the same.

OREN HARRIS,  
JOHN BELL WILLIAMS,  
PETER F. MACK, JR.,  
CHAS. A. WOLVERTON,

*Managers on the Part of the House.*

WARREN G. MAGNUSON,  
MIKE MONRONEY,  
ALAN BIBLE,  
ANDREW F. SCHOEPPPEL,  
JOHN M. BUTLER,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 469) to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate receded from its amendments Nos. 1, 2, 3, 6, 8, 9, 12, and 15.

The following Senate amendments are technical, clarifying, and conforming changes: Nos. 13, 14, 17, and 20. The House recedes with respect to these amendments.

Amendment No. 4: Section 3 (d) of the bill as it passed the House provided, in paragraph (5), that section 3 should not apply to any textile fiber product until such product had been "produced in the form intended for sale or delivery to, or for use by, the ultimate consumer." This Senate amendment inserted the words "by the manufacturer or processor" after the word "produced". This change recognizes the fact that the manufacturer or processor of the article is normally the person who will produce the article in the form intended for sale or delivery to, or for use by, the ultimate consumer. The House recedes.

Amendment No. 5: Section 4 (b) of the bill as it passed the House provided that a textile fiber product shall be misbranded unless stamped, tagged, or labeled so as to show certain information. Paragraph (1) of subsection (b) required the inclusion of information as to the constituent fiber or combination of fibers in the product, designating with equal prominence each natural or manufactured fiber in the product by its generic name in the order of predominance by the weight thereof if the weight of such fiber is 5 percent or more of the

total fiber weight of the product. This Senate amendment added a proviso that (exclusive of permissible ornamentation) any fiber or group of fibers present in an amount of 5 percent or less by weight of the total fiber content shall not be designated by the generic name or the trademark of such fiber or fibers but shall be designated only as "other fiber" or "other fibers," as the case may be. In actual legal effect the Senate provision appeared to add nothing to what was already provided by paragraph (2) of subsection (b), but certain persons or classes of persons affected by the provision were interested in having it included at this point. The House recedes.

Amendment No. 7: Section 4 (c) of the bill as it passed the House provided that a textile fiber product shall be considered to be falsely or deceptively advertised if any disclosure or implication of fiber content is made in any written advertisement used in connection with the sale of such product, unless such advertisement contains certain specified information. This Senate amendment modified that part of the subsection dealing with the information which the advertisement would have to contain. While the language is different from the language of the bill as the House passed it, there appears to be no difference in substance. The House recedes.

Amendment No. 10: This Senate amendment provides that a textile fiber product shall be considered to be falsely or deceptively advertised if the name or symbol of any fur-bearing animal is used in the advertisement of such product, unless such product or the part thereof in connection with which the name or symbol of a fur-bearing animal is used is a fur or fur product within the meaning of the Fur Products Labeling Act. If the textile fiber product contains the hair or fiber of a fur-bearing animal, the name of such animal, in conjunction with the word "fiber," "hair," or "blend" may be used. The House recedes with certain necessary technical changes.

Amendment No. 11: This Senate amendment provided that a textile fiber product shall be misbranded if it is used as stuffing in any upholstered product, mattress, or cushion after having been previously used as stuffing in any other upholstered product, mattress, or cushion, unless the upholstered product, mattress, or cushion, containing the reused stuffing is labeled indicating that it contains reused stuffing. The House recedes with a technical amendment.

Amendments Nos. 16, 18, 19, 21, and 22 amend section 12 (a) of the act, which enumerates the textile fiber products not subject to the provisions of the act.

Amendments Nos. 15, 16, and 17: These amendments were made to the House provision exempting "outer coverings of furniture" from the act. As modified by the Senate the provision would have exempted "upholsteries and outer coverings of mattresses and box springs." As a result of the action of the committee of conference the exemption will embrace "outer coverings of furniture, mattresses, and box springs."

Amendment No. 18: This Senate amendment provided for the exemption of paddings or cushions to be used under floor coverings. The House recedes with a technical amendment.

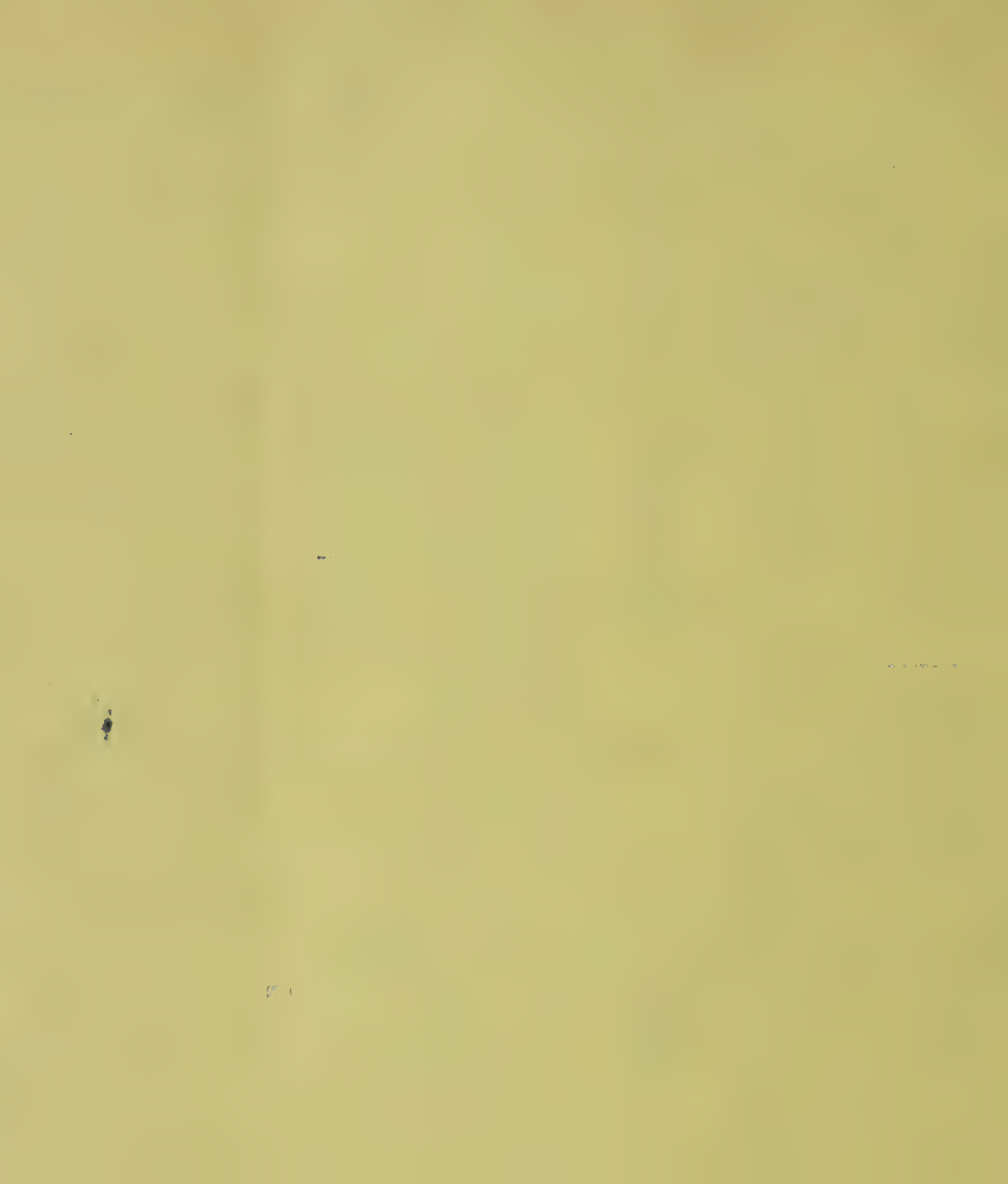
Amendment No. 19: This Senate amendment provided for the exemption of handicraft threads. The House recedes.

Amendment No. 21: This Senate amendment provided for the exemption of textile fiber products which are subject to the labeling requirements of the Federal Food, Drug, and Cosmetic Act of 1938, as amended. The House recedes.

Amendment No. 22: This Senate amendment provided for the exemption of catamenial devices, adhesive tapes and adhesive sheets, cleaning cloths impregnated with









Public Law 85-931  
85th Congress, S. 3420  
September 6, 1958

AN ACT

72 Stat. 1790.

To extend and amend the Agricultural Trade Development and Assistance Act of 1954.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 101 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress), is amended by striking out the semicolon at the end of paragraph (a) thereof and adding "or normal patterns of commercial trade with friendly countries;".

Agricultural  
Trade Develop-  
ment and Assist-  
ance Act of  
1954, amend-  
ments.

68 Stat. 455.  
7 USC 1701.

SEC. 2. Section 103 (b) of such Act is amended to read as follows: "(b) Agreements shall not be entered into under this title during the period beginning July 1, 1958, and ending December 31, 1959, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,250,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

Commodity  
Credit Corp.  
Reimbursement.  
68 Stat. 456;  
71 Stat. 345.  
7 USC 1703.

SEC. 3. (a) Section 104 of such Act is amended by inserting before the period at the end of the first sentence of paragraph (h) thereof the following: "and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1446)".

Foreign  
currencies,  
additional  
uses.  
7 USC 1704.  
70 Stat. 241.

(b) Section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended by substituting a semicolon for the period at the end of paragraph (k) and adding the following new paragraphs:

7 USC 1704.

"(l) For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;

"(m) For financing in such amounts as may be specified from time to time in appropriation acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U. S. C. 1992), and (B) agricultural and horticultural fair participation and related activities;

70 Stat. 778.

"(n) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance;



and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

"(o) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies."

7 USC 1709.

SEC. 4. Section 109 of such Act is amended by striking out "June 30, 1958" and inserting in lieu thereof "December 31, 1959".

7 USC 1724.

SEC. 5. Section 204 of such Act is amended by striking out "June 30, 1958" and inserting in lieu thereof "December 31, 1959".

7 USC 1692.

SEC. 6. Section 303 of the Agricultural Trade Development and Assistance Act of 1954 is amended to read as follows:

Barter or  
exchange.

"SEC. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barters or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barters or exchanges. In carrying out barters or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barters or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials."

62 Stat. 1070.

15 USC 714

note.

Restriction.

70 Stat. 200.

7 USC 1856.

SEC. 7. Section 206 (a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a semicolon and the following: "but no strategic or critical material shall be acquired by the Commodity Credit Corporation as a result of such barter or exchange, except for such national stockpile, for such supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs".



SEC. 8. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act in the same manner as upland cotton or any other surplus agricultural commodity is made available, and products manufactured from upland or long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act as long as cotton is in surplus supply, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the Act: *Provided*, That that portion of the sales price of such products which is financed as a sale for foreign currency under title I of the Act shall be limited to the estimated portion of the sales price of such products attributable to the raw cotton content of such products.

Long staple  
cotton.  
Availability.  
7 USC 1691  
note.  
7 USC 1701-  
1709.

SEC. 9. Notwithstanding any other provision of law (1) those areas under the jurisdiction or administration of the United States are authorized to receive from the Department of Agriculture for distribution on the same basis as domestic distribution in any State, Territory, or possession of the United States, without exchange of funds, such surplus commodities as may be available pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U. S. C. 612c), and section 416 of the Agricultural Act of 1949, as amended (7 U. S. C. 1431); and (2) the Commodity Credit Corporation is authorized to purchase products of oil seeds, and edible oils and fats and the products thereof in such form as may be needed for donation abroad as provided in the following sentence. Any such commodities or products if purchased shall be donated to non-profit voluntary agencies registered with the Department of State, other appropriate agencies of the Federal Government or international organizations for use in the assistance of needy persons outside the United States. Commodity Credit Corporation may incur such additional costs with respect to such oil as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949.

Distribution  
of surplus  
commodities  
to other  
U. S. areas.  
  
68 Stat. 7,  
458.  
Purchase  
of products  
for donation  
abroad.

Approved September 6, 1958.

